



SKETCHES



SPEECHES



DAVID R. FORGAN



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To John V. Farwell
with kindest regards.

Dariusz Horyzany

Chicago Nov 30, 1925





SKETCHES & SPEECHES





SKETCHES
& SPEECHES

By

David R. Forgan



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TO
MY WIFE

WHOSE DEVOTION, EFFICIENCY AND
CONGENIAL COMPANY, THROUGH
SHADOW AND SUNSHINE, IN
SICKNESS AND IN HEALTH,
MORE THAN ALL ELSE,
AND DESPITE ALL
ELSE, HAVE MADE
MY LIFE A
HAPPY
ONE

4350



P R E F A C E

I^T is fitting that I should offer an excuse for the making of this book. My excuse is that my family urged me to do it. They desired something by way of autobiography, and they wanted to preserve a few samples of my speeches in permanent form. Its circulation will be confined to members of the Forgan Clan, and a few friends who may be trusted to read it with a friendly and not too critical eye. As the reader will readily discover, I have put little labor into the writing of it. My aim has been to do it as simply and easily as possible. This, indeed, has been my method in all my undertakings. By not attempting too much one avoids the danger of too great a failure.

DAVID R. FORGAN

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SKETCHES AND SPEECHES

CHAPTER I

ST. ANDREWS

“To fair St. Andrews bound
Within the cave to pray,
Where good St. Rule his holy lay,
From midnight to the dawn of day,
Sang to the billows’ sound.”

SIR WALTER SCOTT.



THE little City of St. Andrews situated on the east coast of Scotland in the County of Fife has a population of less than eight thousand. In America a town of that size, as a rule, would contain little of general interest. When the visitor had seen the Post Office and the Court House,

and the stores on "Main Street" his host would have nothing more to show him, and nothing of historical interest to tell him. Not so St. Andrews. That ancient and royal city has been a religious and educational center for more than a thousand years. Its story teems with characters and incidents prominent in Scotland's stormy history. For its beginning we must go back some fourteen centuries. Then the rocky promontory on which it stands was wild and wooded — a haunt of the wild boar, and a hunting ground for Pictish Kings. A neighboring village is still known as Boarhills, and the City Arms show a boar tied to a tree. Probably an Irish missionary monk or hermit took up his dwelling in a lonely corner of the forest or in one of the caves on the coast. A little later a rude monastery arose and its religious history began. Unfortunately religious history is usually stormy, filled with bitter and often bloody quarrels between various sects, creeds, and authorities. So we read of struggles between the Columban and the Roman Churches, and the expulsion of the monks of the former by the King of the Picts who sided with the Roman authority. Later a body of irregular monks appeared, known as the Culdees, who fought incessantly with the more regular canons of the

church. This went on for several centuries until these mysterious Culdees finally disappeared. Towards the end of the eighth century the bones of St. Andrew, or what purported to be these holy relics, were brought to the monastery, greatly enhancing its sanctity and importance, and thereafter it took the name of Scotland's patron saint. Who brought the saint's bones is a matter of legendary obscurity. Some claim it was St. Regulus — the "good St. Rule" of Sir Walter Scott in *Marmion* — whose tall square tower in good repair, and little chapel in ruin, are still picturesque ornaments of the City.

Miracles were now wrought, and pilgrims attracted by the sacred relics. Its fame increased, and in 908 the Bishop of Alban, or Scotland, made St. Andrews the seat of his primacy. Then followed two centuries of rather discreditable church history during which religion languished. Towards the beginning of the twelfth century some reformation was brought about by the influence of a good woman — Saint Margaret — called "the sweetest Christian soul alive." Being the English wife of the Scottish King Malcolm, her opportunities were equalled by her power and her will. She took a deep interest in the church at St. Andrews presenting it with a beautiful crucifix

set with precious stones, and she insisted on reform in Lent and Sunday observance, in stricter marriage laws, and in the restoration of regular services by the monks. New churches and chapels arose, a town of considerable commercial importance for those times began to grow and St. Andrews started on its way toward the ecclesiastical capital of Scotland and center of national and even international politics which it ultimately became.

For the following three hundred years the City was ruled by a succession of bishops, generally men of noble and sometimes of royal blood. None of them had a peaceful or happy time. Quarrels between the Scottish Kings, the Pope at Rome and the different candidates accompanied every appointment to the See of St. Andrews and left hatred and jealousies to worry the successful contender. Among these bishops four stand out preëminent, Bishops Arnold, Roger, Wishart and Lamberton.

Bishop Arnold ruled less than two years, but it was he who laid the foundation of the famous St. Andrews Cathedral the ruins of which still adorn the City and render the surrounding cemetery impressively beautiful. It was built in the form of a cross three hundred and seventy feet in length. It had numerous towers

and turrets, and was covered by a copper roof which on a sunny day was a landmark for sailors far at sea. It took one hundred and fifty-eight years in the building, but it was ruined in a day — a striking example of how much harder it is to upbuild than to destroy.

In the year 1200 Bishop Roger built the Castle as an Episcopal residence. It was on a rocky promontory washed on two sides by the sea, and guarded by a moat and draw-bridge. In it James I of Scotland spent his early years, and James III was born within its walls in 1445. In a corner there may still be seen the famous dungeon hewn out of the solid rock and shaped like a bottle, the narrow neck making escape from it almost impossible. It was frequently taken by the English and re-taken by the Scotch, and once it fell in an assault by the French and among the prisoners captured was the Scotch Reformer, John Knox, after which he spent two years in the "galleys." Its picturesque ruins are still a show place for visitors to St. Andrews. About the year 1874 a secret passage was discovered leading below the moat to the Cathedral some two hundred yards distant. The existence of such a secret means of escape from a Bishop's residence is a striking commentary on the insecurity of those old

times. Bishop Wishart founded the Black Friars Monastery in 1274, and in 1559 it was torn down by the followers of John Knox after three days preaching by the Reformer who is said to have told them to "pull down the rookery, and the rooks (meaning the Black Friars) would flee awa." There remains only a lovely ivy-covered ruin in the playground of Madras College — another interesting spot for the visitor. After the battle of Bannockburn had brought a time of peace, Bishop Lamberton, then in power, had an opportunity to repair his castle, out of which the English had been driven, to add many churches and chapels and, best of all, to finish and dedicate the great Cathedral in 1318. That must have been a great day in the history of the City. Lamberton had crowned Bruce as King, and the hero of Bannockburn was present with his Knights. Seven bishops and fifteen abbots clothed in their gorgeous robes, and many nobles and "great gentlemen" with their followers graced the occasion, and doubtless the pomp and ceremony were impressive.

The next great event in the story of St. Andrews was the founding of its famous University (the oldest in Scotland), in the year 1411, by the then reigning Bishop Wardlaw. It has

survived while all other Catholic institutions have perished from the City. It is, of course, Catholic no longer. It celebrated its five hundredth anniversary in 1911 with great pomp and dignity, and distinguished scholars gathered for the occasion from all quarters of the globe representing the universities of all lands. The oldest living graduate present was, I believe, the uncle of the present writer, John Berwick. The University has been the home and the producer of many distinguished men to whom space will not permit further reference. From the first it had a Lord Rector. He began by being the real head of the institution, but now he is only a figurehead. His election is annually fought over by the students, and it now means a passing honor for some literary or political celebrity who visits St. Andrews and delivers a rectorial address. Sir James Barrie and Rudyard Kipling have been two of the latest, the former delivering a remarkable and characteristic address on "Courage," and the latter an address on "Independence," not up to the standard we should expect of him.

When the Reformation of the Sixteenth Century came along St. Andrews naturally was in the thick of it. The story would be out of place in this brief sketch, but all of the chief

actors in that glorious and tragic time frequently appeared on the streets of the old City. Here John Knox thundered from a pulpit still shown to the visitor. Here is still to be seen the house where poor Mary, Queen of Scots, often tried to find a rest from her turbulent enemies and advisers. These two were bitter enemies, but modern Scotch people manage to sympathize with both of them! Here Cardinal Beaton burned the martyrs, Patrick Hamilton and George Wishart, viewing the latter's agonies, it is said, from his castle window, from which window, a few months later, the reformers exhibited his own murdered form in terrible revenge. That body still lies in the ruined Black Friars' Chapel around which boys of Madras College play heedlessly, and a monument to the martyrs is a prominent object to be seen by the modern golfer as he finishes his round of the links in more peaceful days. During this period the great Cathedral, several chapels, and the picturesque castle all became bare and tragic ruins. The Reformation finally resulted in religious liberty for Scotland, and such results apparently have always to be fought for and died for, but a lover of St. Andrews could well wish that the methods used might have spared these beautiful and richly historical

buildings to still adorn the ancient City. But the fight for religious liberty was a long one. In the Seventeenth Century it developed into the sad, bloody and cruel struggle between the Covenanters and the King. Montrose, the persecutor of the Presbyterians, was a student of St. Andrews. He was a good golfer, paid \$2.50 for golf balls, and when sick he was nursed by the daughter of the club maker, bearing the rather suggestive name of Pet.

Many scenes of the struggle took place within the City's gates. Archbishop Sharpe was murdered near St. Andrews by a party of Presbyterians, but a monument representing him as a martyr was erected by his sons in the Parish Church where it still stands — a curious shrine in a Presbyterian Church! In 1773 Boswell took Dr. Johnson to the famous City. It had then lost much of its importance and he left "filled with mournful images and ineffectual wishes."

A more recent resident was Dr. Thomas Chalmers, the famous Scottish pulpit orator. He was a student at the University in his youth and was addicted to golf and football. Afterward he was Assistant Professor of Mathematics for a brief period, and twenty years later when he had become a noted preacher, he

was appointed Professor of Moral Philosophy. But like St. Andrews' divines before and after him he did not find residence or duty there either peaceful or easy. He flourished in the first half of the Nineteenth Century, and during that period Sir Walter Scott also visited the City more than once. On his last visit he lamented that he was getting old, evidenced by the fact that he did not feel inclined to climb the long, winding stairs inside the square tower of St. Regulus in order to enjoy the view from the top. The chairs of the University and the pulpits of the City have been filled from time to time by eminent scholars and preachers, and there are several other boys' and girls' schools, so that the modern City is still distinguished for religion, education and golf, and is besides a popular summer resort.


In this Ancient City so intimately associated with Scotland's stirring story, so bleak in winter, when the North Sea mists prevail, so charming in summer, when its famous golf courses and bathing beaches are crowded with happy visitors — in this metropolitan and royal burgh, so long turbulent, but now so peaceful — on April 16, 1862, I was born. Like St. Paul, who was Saul of Tarsus, I claim to have been born "A citizen of no mean City."

CHAPTER II

EARLY LIFE

“ At first the infant
Mewling and puking in the nurse’s arms.
And then the whining school-boy, with his satchel
And shining morning face ”

SHAKESPEARE

 MY MOST remote recollection goes
back three score years. I see a
puny child on his mother’s lap
who, although in his third year,
is not yet able to walk. The
puniest part of him is his legs
which, in response to the coaxing command,
“Show your little leggies” he obediently holds
up to the pitying admiration of the assembled
adults. The little leggies are clothed in little
stockings with a MacGregor tartan border.
That child was myself, and the pride I had in
that bright bit of color is the foundation for
my belief that this incident is a genuine recol-

lection, and not merely a memory of what I was subsequently told. That I was born a twin; that my brother was twice my size; that he endured this life for only a few minutes, and that I, the frailer one, was pulled through by a loving and competent mother are not recollections. They are facts often told me by my elders. When I had grown to a fair-sized manhood and happened to be presented to anyone who had known me as a child, but had been out of touch with me since, the remark was almost invariably, "Eh, laddie, if ye had'na had a gude mither, ye would 'na be here the day." The "little leggies" never grew to be big, but in after years they served to carry the body to which they have long been attached with more than average speed and endurance. When about five years old they carried me to the Infant School, but my attendance of only one year there has left only the faintest recollection of the fact. They next conveyed me to Madras College — an imposing name for a day school — where I received all the education I ever got from teachers. It was an excellent school. Its graduates did well when they entered universities, because it was very thorough in the fundamentals. It exalted the three R's to an extent that I think modern school

systems have sometimes failed to do — greatly to the loss of their pupils.

My earliest recollection of my school days is of a lady teacher who punished us by striking our little out-stretched hands with a hard-wood stick about the thickness of a golf club shaft. She struck with such force that the little hands showed the welts for hours afterwards. But I have no recollection of objecting parents! In fact "cruel and unusual punishments" now forbidden by law were not unknown in my school days. For example, another boy and I (when about fourteen) got into a fight which had scarcely started when the janitor came along, stopped the engagement and haled us before the teacher who was "Convenor for the week" and in charge of the discipline. He asked us for what crime we had been sent up and we replied "for fighting." "Well, and who beat?" he demanded. We told him that we had been interrupted by the janitor before we had found out. "Too bad, too bad," he replied, then turning to the assembled class he announced, with a smile, "These boys have been fighting but did not have time to find out who beat. Now we will find out who beat. I will give them the 'Tawse' until one or the other cries, and the first to cry will be the one who was beaten."

Having thus put two Scotch laddies on their mettle he got out his thick leather belt and ordered us to hold out our hands time about. He then struck our hands right and left alternately with all his force, and kept at it until the perspiration streamed down his face. Of course neither of us cried. Finally, he gave up with the remark, "Well, I am beat." That night our hands were so paralyzed that we could not feed ourselves, and it was several days before either of us could hold a pen. Such punishment for an offense involving no moral turpitude was a disgrace to the school and to the teacher, but I have no recollection of objecting parents. Parents now-a-days would have such a teacher arrested — and rightly so.

I could describe worse cases than this where I was only a witness, but the parents involved made no protest. Were parents harder-hearted in those days? I think not. The custom and the point of view have changed — that is all.

I can recall but two experiences of physical punishment from my own parents. They were neither cruel nor unusual, and I know I deserved them, and many more which I escaped.

I would not like to leave the impression that I look back on my school and school-masters without affection. Even the punishments, as a

rule, were of a moderate kind. I mention the severe cases merely by way of contrast to modern ideas. I could make other contrasts in favor of old Madras College. I left it in my sixteenth year. I was not further advanced than other boys of my age, but I was sent into commercial life able to write a legible hand, to do almost any problems in arithmetic — many of them mentally, that is, not putting down any figures but the answer — and to write simple English clearly and grammatically. In addition to these solid accomplishments, I had had Latin as far as Caesar, Euclid and Algebra in moderation, and I could read a French or German book rapidly enough to enjoy the story. Nor was Art neglected. We had an excellent drawing teacher, and all kinds of drawing and painting were taught — engineering, mechanical, landscape, in water colors, oils, etc. I still have hanging on the walls of my home the large French Crayon drawings of dogs and horses, after Landseer, which won me the first prize in that department. No one notices them because they look just like engravings. So far as I have been able to judge, the average American boy of fifteen would have difficulty in showing a better educational foundation.

The education and the up-bringing of Scotch children of my generation were conducted along somewhat different lines than are now fashionable. Like most men of advancing years I incline to the idea that the old lines were the better. They taught boys self-reliance and self-restraint. Boys learned to stand on their own feet and to do without. The stories and jokes on Scotch Thrift are innumerable, and no one enjoys recounting them more than I. But I wish there were some stories illustrating the vice of modern extravagance. College and high-school boys driving their own cars, parties every night of the week, three entertainments in one evening — dinner, theater and dance — Sunday differing from week days only in longer hours in bed — these may be better for boys than the restraint of former times, but I doubt it. Those young men who, in City life, attain success in business or profession and establish a virile character in spite of these alluring distractions have my profound admiration.

In my day parents demanded respect and obedience from their children. Now parents are lucky who are not mere slavish sources of supply to their children. Parents used to run the family — now the family runs the parents.

Probably Scotch parents of the Victorian era erred as much on the side of repression as Twentieth Century parents err on the side of indulgence. While my boyhood was a happy one, I look back upon it with the conviction that my parents themselves and their contemporaries got too little out of life. They had too much hard work, too much monotony, too little amusement, too little social life. Almost their only relaxation was Sunday with its grave, but to them enjoyable, church services. How much of life shall be devoted to having a good time is one of the many problems in which the *via media* of the Romans is the path of wisdom. But that path is always hard to find and harder to keep.

There were tragic incidents on the rocky coast on which the "Gray Old City by-the-Sea" was situated. In a winter storm sailing vessels in the carrying trade between Norway and Sweden and England were apt to mistake the entrance to St. Andrews Bay for either the mouth of the River Tay or the Firth of Forth. The two latter were havens of refuge for a storm-tossed ship while to head in to the Bay was almost certain destruction. A lookout was kept, and when a sailing vessel was observed entering our Bay three guns were fired to warn

her of her danger. Consequently we boys knew what it meant when on a stormy day we heard the guns. "A ship in the Bay!" was the cry, and away we went to see the probable wreck. It was only on such occasions that many of us ever played truant from school. We knew we would get a licking next day — but the excitement was irresistible, for if the ship were unable to beat her way against the Easterly wind back out of the Bay, she was doomed. St. Andrews' boys, therefore, often witnessed the heroic launching of the lifeboat, her perilous trip to meet the ship; the risky transfer of the crew to the lifeboat, and the triumphant return with the rescued men. Sometimes, alas, the ship reached the rocks before the lifeboat could reach her, and we saw scenes of drowning men too harrowing to describe or to forget. The crews of the lifeboat were selected from our fishing population, and were well qualified seamen. As a rule they were brave and efficient. On one occasion, however, I witnessed a mutiny among them. I never knew the reason unless it was because of the absence of their usual leader and their lack of confidence in his substitute. At all events, they refused to launch from the beach and were followed by an angry crowd until they reached the mouth of the

little River Eden. Here they launched, rowed out about seventy-five yards and there lay on their oars refusing either to proceed across the bar to the drifting ship or to return to the shore. The crowd was furiously indignant, but could do nothing but shout abuse at the crew. Finally a little, old retired Admiral of the Navy appeared on the scene and ordered the crew to return to shore. They were under Navy control, and recognizing his authority they pulled into the shore where they were roughly thrown out of the boat, their cork jackets pulled off, and their places taken by a volunteer crew of citizens. Under the command of the little white-haired Admiral who had donned several overcoats, loaned by onlookers, and who promptly took the helm, the lifeboat soon crossed the bar of the Eden, reached the ship in time, and saved some thirteen souls. To us boys such heroic scenes were well worth a licking the next day!

I suppose it is always easy to note contrasts between one's early and later days.

When I was about fourteen I suffered from a toothache. On complaining to my father he, without a look at the offending tooth, calmly said "Better an empty house than a bad tenant. Go over to Johnnie Duncan and get it out."

Johnnie Duncan was a watchmaker whose knowledge of dentistry was confined to the possession and use of a "forceps." He was a little wiry man, and when I presented myself he promptly fastened his instrument to my tooth and hung on — dragging me all over the room — until the tooth came out. I thought my head was coming off, and Johnnie was quite worn out when he finally succeeded. Holding up my very large and quite sound tooth to examine the little pin-point of decay, he told me never again to come to him — he wanted to pull no more of my teeth! I never did!

Mynative City—St. Andrews—was a Summer Resort, and although the water was very cold, sea-bathing was popular. The men did their swimming in the Witch Lake — a small portion of the ocean formerly used by Christians to drown old ladies in. The approach to it down the cliffs was by a long flight of steps hewn out of the rock. Women were never seen anywhere near the Step Rock. They did their bathing in the surf a mile away on the East Sands. A number of bathing coaches was provided. They looked like caravans, with steps leading to the door at the back, and one small window to let in a little light. Into these went

the ladies to undress. Meanwhile an old man, nearly blind, driving an old horse wearing "blindlers" carried the coaches out into the sea until the water was about two feet deep, when the ladies, clothed in skirts reaching to their ankles, timidly opened the door and modestly moved down the steps into the protecting water. When they had had enough they climbed back into the coach and did not reappear until fully dressed. I refrain from pursuing the contrast by attempting a description of promiscuous bathing at modern resorts. My modest pen is quite unequal to such a task.

Someone has remarked that every generation thinks that the second after it is heading for destruction. I might be inclined to that view if I did not believe, in spite of much superficial evidence to the contrary, that good is slowly conquering evil, and will, in God's good time, surely prevail.

Religion had a very definite place in the life of young people in my early days. It was taught daily in the schools to the extent of Bible reading and the learning of the Shorter Catechism, and Sunday was almost wholly devoted to it. Many families observed the good old custom of "family worship" the description of which in Burns' "Cotters' Saturday

Night" is immortal. Burns claims that "From scenes like these old Scotia's Grandeur springs" and most people will admit that it is good for a family to recognize God in their daily life, and that children should not be brought up as Pagans in a Christian country. As my father was an Elder in the Free Church and my mother was a very religious woman the custom was regularly observed in my home.

Church attendance was practically universal. All the people whom I knew went to church regularly and took their children with them. For many years I attended five religious services every Sunday — Y. M. C. A. at ten o'clock, Church at eleven, Church again at half-past one, Sunday School at three, and Bible Class at seven. I have met Scotchmen on this side of the Atlantic who had completely dropped church attendance, and their excuse invariably was that they got too much of it in their youth. But I have no such recollection. We had a very able preacher and teacher in Rev. Lewis Davidson, and none of these services failed to hold my intellectual interest. I cannot join with Beecher who declared that the Sabbath of his youth was his "pet aversion." I have always been very susceptible to the moving power of good English and oratory

thrills me to the backbone. To this day I remember the impressions of certain sermons I heard in my boyhood. For example, Dr. Whyte, the great preacher of Free St. George's, Edinburgh, once preached at St. Andrews on Jonathan who, he claimed, was the noblest character in the Old Testament. Describing Jonathan's unselfishness in giving place to his friend David, Dr. Whyte, in his rich tones, finished a fine paragraph with these words: "Oh Jonathan, wert thou here, methinks it would be honor for these selfish lips to kiss thy feet!" I was only about twelve, but the thrill that reached my spinal column is still clear in my memory.

The religion of those days was both dogmatic and evangelical. Adam was created in a sinless state, but fell by eating the forbidden fruit — an apple, we believed. We all "sinned in him and fell with him." This estranged us from God, made us "liable to death itself, and to the pains of hell forever." But we could be reconciled to God through being "converted" — that is, through repentance for sin, and faith in Christ as our Saviour. This salvation was freely offered to all, but there was another doctrine rather contradictory to this free offer, namely, "Election." The Catechism taught

us that God "out of his mere good pleasure, from all eternity, elected *some*" and it was a very serious question with some of us, even after we had been converted, whether we were of the "elect." This "scheme of salvation" was at least simple. Child-like faith was the chief requisite for its acceptance. It worked in many cases. I myself knew of conversions that changed wicked, foul-mouthed men into quiet, prayerful Christians who led exemplary lives to the end of their days.

But what has become of these old doctrines? It is years since I have heard a minister in the pulpit refer to the fall of man, original sin, the pains of hell or the need of conversion in the old sense of an instantaneous change. What we get now are lectures and discussions in moral philosophy. I believe that the example and teaching of Jesus Christ applied to every experience of life is the best preaching. He taught little doctrine, except the Fatherhood of God and the brotherhood of man, and there is scope enough in these for any preacher. We may be His humble followers without being able to subscribe to all the man-made doctrines. But if we are His followers — however laggard — we should ally ourselves with His church and attend it regularly. The church, with all its im-

perfections, stands for what is highest and best in human life. In large measure it is the salt of the earth saving society from degeneration, decay and disintegration. Christ himself set the example of church attendance for we read "He entered *as was his custom* into the Synagogue on the Sabbath day." Morally and spiritually every one who is not an insufferable egotist is conscious of failure. We may not need five services every Sunday, but we certainly need one. Against soul-shriveling materialism, and as a help in the trials, temptations and tribulations that come to us we need all the inspiration available.

Dr. Harry Emerson Fosdick in his Farewell Sermon said recently: "They say that Brittany fisher-folk have a legend that off their coast, deep-buried in the seas is the ideal City of Atlantis, and from it on quiet nights, when the winds are still, if a man's heart is right he can hear the pealing of the bells. Such is the soul of man with sacred things deep sunken, which life's storm makes us forget, and here, oftentimes on a Sunday morning, we have been quieted in worship until we heard the pealing of the bells."

I, for one, still strive to hear, and need to hear, the pealing of those bells.


CHAPTER III

STRATHKINNESS

"Where village statesmen talked with looks profound,
And news much older than their ale went round."

GOLDSMITH

(Published in the "Scottish American"
November 24, 1886)

LOOKING back over the winding pathway of my past life, there is to me no better remembered scene than one which occurred annually during the years of my boyhood. The session at school is ended, and the eight weeks of holidays stretch out before my young imagination as an almost endless vista of fun and freedom. Our family are preparing for their summer sojourn at our country house, a few miles distant from our City home. The trunks containing the linen, cutlery, cooking utensils, etc., required to sup-

plement the permanent stock at the little country house, are packed. The half-worn clothes and boots belonging to us boys — no longer good enough for city wear — are all carefully stowed away by our thrifty mother, to be worn out in the woods or on the harvest fields. My elder brothers are carrying boxes and bundles to the front of the house, under the direction of our mother, who prides herself in making this annual “fitting” without breaking a bowl or scratching a chair. I, the youngest, with a new whip, built specially for the occasion, have mounted guard on our movable effects, and am defending them against the encroachments of small boys and dogs who like to poke their inquisitive noses into anything unusual.

But now I suddenly scramble down from my fortress and rush into the house with the startling intelligence that the cart which is to carry us and our personal property is in sight and coming round the corner. This news, I find, excites no one but mother, who is perhaps scarcely prepared for the shock and, rushing back to my duty outside, I am not a little disappointed to find that the carrier has not brought my favorite horse — old Dick — who, according to my firm belief and frequent declaration, was able to draw as much as two ordinary horses.

For me the glory has departed from the scene for a time because of the horse, but when everything is at last securely loaded on the cart; when my parents and brothers have mounted to positions where they can hold on themselves, and at the same time prevent some article from falling off; when, after handing up my pet cat, I am lifted first on to the horse's back and from thence pulled up beside the driver; when, above all, I am given the lines and allowed to drive, the cup of my earthly happiness is full. Ah! those happy days of our boyhood! Can any scenes in after-life give us such unalloyed joy?

As we slowly move along the country road, my father has a quiet chat with the carter about the various crops in the fields; my mother's mind is set chiefly upon getting to our destination without anything falling off on the way, and she says little, but keeps a vigilant eye on her household property; my brothers plan holiday excursions, or recount the exploits of former years, while I am perfectly happy with the present responsibility of driving the horse, under the guidance of the carter. I said perfectly happy, but we are never so in this world. In the present instance my bliss is slightly curtailed by my not being allowed to

use my new whip as freely as I would wish on the horse's flanks. This again leads me to regret the absence of my old friend "Dick," who was one of those patient, plodding fellows who take their time in spite of all the whips in creation, and who might, therefore, be whipped as often as I liked without danger to the furniture.

Arrived at the village — Strathkinness by name — our house is easily distinguished by its being more than one story high (a *butt* and a *ben* being the common style) — a fact of which I am not a little proud. The shutters are soon drawn back and the windows opened. Then follows the unloading of our stuff, to the view of the gaping village urchins who have collected at a little distance in silent awe. To their minds we city folks are quite grand — a fact I am all conscious of, as I ostentatiously hold the horse's head, and view their ragged clothes and bare feet from the altitude of a tweed suit, a straw hat, and a pair of boots. This feeling of superiority is enhanced when a neighbor's boy comes along upon whose back I recognize one of my own left-off coats of the previous summer. I cannot recall such vain thoughts ever passing through my mind in the City — a fact which shows me that a man's

opinion of himself, and people's regard for him depend upon the size of the place wherein he lives. It is far better to be a big man in a small place than a small man in a big place — at least so I felt as I stood, amid the circumstances described, in that peaceful Scotch village of which I am about to write.

Strathkinness had little of the picturesque within its bounds, it was not the "loveliest village of the plain," but the beauty of the surrounding country, with its wooded hills and cultivated slopes, its peaceful valleys, and rippling burns, made it a pleasant spot during the summer months. There were probably 500 inhabitants whose main support was drawn from some fine sandstone quarries, owned and worked by the one man in the place who was making money. Strathkinness had two churches, the Free and the Auld Kirk, and although it would be difficult for a stranger to tell wherein lay their difference in doctrine or worship, still there was plenty of scope for religious sectarian feeling, for my folks were Free, and I remember I had little hope for the eternal welfare of the worshippers who gathered round the door of the Auld Kirk on Sunday, waiting for the last stroke of the bell before they slowly stepped inside. One might suppose that the

ministers of these slightly divided churches would be warm friends, drawn together by professional feelings, kindred aims, and mutual responsibilities for the spiritual welfare of the village. But that was not the way the Strathkinness divines exemplified their Christianity. I have no reason to suppose that ill feeling existed between them, but I never saw them together in public or private.

The Auld Kirk minister was a genial, good-looking, middle-aged man, easy-going and, therefore, popular. He seemed quite contented, but although he had lived long among the humble villagers his life was not without its romance, for it was said that he had fallen in love with his young wife when she was an infant in her cradle, and he a student boarding at her mother's house; that he had waited for her, and that his patient fidelity had been fully rewarded. The Free minister, on the other hand, was a plain-looking, short-sighted, spectacled scholar, who was rarely seen during the week except on the road to or from the City with library books under his arm. He was a good man, whose heart was in the right place, but he was too fond of the seclusion of his study ever to be a successful pastor. Occasionally he would astonish his sleepy hearers with

a really powerful discourse, but as a rule his sermons were rather monotonous. His favorite subjects were St. Paul, whose virtues he was never tired of extolling, and the devil, whose devices he was never done denouncing. He preached extempore, and so fond was he of his two favorites that when he got the length of naming either of them he need try to get no further that day for it was then hard for him to stop. I recollect that he had a most uncomfortable way of speaking of Satan, as if he were ever at our elbow, which rather frightened my youthful fancy. What the good man might have accomplished with his scholarly abilities in a better field, I cannot say, but there he was, with a small salary, a large wife, and a numerous family, firmly planted in lonely Strathkinness, as dry as any dead oak in the place, and as unlikely to be transplanted.

Besides its two churches Strathkinness possessed two public houses, and two schools, so that the interests of rum, religion and the "three R's" were about equally represented in the little community.

Like all Scotch villages, it had its characters. Its oldest inhabitant — a wrinkled old woman, nearly a centenarian — lived alone, and how she kept the breath of life in her was a mystery.

Its never-failing idiot was a huge red-haired fellow, whose mind had never got past the stage of infancy. Its "crier" was a wheezy old chap, who could make his bell better heard, and as well understood, as his voice. Its representative of natural genius was a common quarryman, but at once a handsome man, a skilled botanist, and a minor poet after the order of Burns himself. Its most famous character, however, was its miser, whom I shall designate Miss Hardscrew.

Miss Hardscrew's house was one of the best in the village. It contained perhaps ten rooms, all well furnished — at least so it was said — but no one ever saw their interior, for their shutters were always securely fastened, and allowed not a ray of sunlight to enter and fade the carpets. They were only opened when Miss Hardscrew paid a visit to them to see that nothing had been stolen. Every door in the house was securely fastened by strong locks and bolts, the keys of which hung at the miser's girdle. She, herself, occupied the kitchen. This cheerless apartment, with its cold stone floor, was both parlor and bedroom to the miserable old creature, who had hundreds of pounds in the bank. In front of the house was an orchard surrounded by a high stone wall, with broken

glass on the top as a protection against the boys. Through the bars of the strong iron gate you might see her exchanging gooseberries for the school children's half-pennies, which were intended by their parents to be spent on a more solid lunch. As she stands with one hand holding the small measure barely full of gooseberries, which she will not empty into the purchaser's pocket until her other hand closes over his half-penny, she is not an attractive specimen of her kind. Her race of life is well nigh run, and she cannot long hold on to the half-pennies. Her dress is threadbare and shabby. Her figure is thin and shriveled. Her face, with its small sharp eyes, its dry, twitching lips, and its innumerable wrinkles, is hard and ugly. I have heard that she was a belle in her youth, but not one trace of feminine grace or womanly tenderness remains. All that was ever good in her has been crushed out by the absorbing love of money, and as she stands before us now she has not a spark of affection for any living thing — not even a cat — and no living thing cares for her.

This genial creature, I regret to say, was a distant relative of mine, a fact which she recognized by a biennial call upon my mother, accompanied by a gift of about a dozen apples,

which were always windfalls and which she could not sell, nor we eat. Taking advantage of this relationship I used to venture within the iron gate occasionally at gooseberry time, and after a while I was allowed to help her to pull the gooseberries, and this gave me a disinterested object for many subsequent visits. While thus engaged I was informed that I might eat the berries which had fallen to the ground, and which my kindly relative assured me were the best of all; but I was generally to be found with a good thick bush between me and the owner thereof, and I rejoice yet to think that she parted with the choicest of the fruit without money and without price.

In later years the old lady began to get too feeble to attend to her own wants, and after some diplomacy and negotiation a bargain was arranged with one of her nieces whereby the niece agreed to live with and nurse her aunt in consideration of sundry benefits to be derived from the death of her patient. This necessitated Miss Hardscrew's sending for her lawyer to make her will. The lawyer was a City gentleman, and many a drive to Strathkinness did he have before that will was executed, for Miss Hardscrew, besides being greatly exercised over the division of her property, shared

a very common feeling among the Scotch, namely, that signing a will and sending for the undertaker were about the same thing. The will, however, was executed at last, and the niece sat down to wait and long for it to be administered. She was an honest, decent woman, and faithful to her aunt, but it was hardly to be expected that she would pray that her life might be long spared. But although Miss Hardscrew took to her bed, many a year passed and still the niece waited.

I remember visiting the dismal mansion with my father and mother, after I had grown to be a young man. Passing through a spacious hall, where a man's hat was conspicuously displayed as a deceptive intimation to tramps that there was a man in the house, we entered the kitchen, and found Miss Hardscrew sitting up in bed. Her body was wasted but her mind was clear, and as much exercised about worldly things as ever. Seeing this, my mother conceived it to be her duty to speak religiously to her.

"Strathkinness is the warst hole onybody ever put their foot in" Miss Hardscrew exclaimed; "they would rob me o'a I hae if they daured. Would ye believe it, I had twa pair o' blankets taen oot o' my very hoose, an' apples

an' berries mair than I can tell. Od, they'll suffer for't yet—if no in this warl, they wull i' the neist."

"We are all sinners, deserving nothing but punishment from the Righteous Judge, "began my mother, "but if we confess our sins He is—"

"Ou aye! I ken that weel enough, but ye needna' preach to me, I niver wranged a livin' bein', an' I've been an honest an' respectable woman; deny it wha may!"

"We are all sinners before God, no matter"—again interposed my mother, but Miss Hardscrew was deaf to good advice, and seeing it was hopeless mother rose to depart.

"Hoo do ye think she looks?" anxiously whispered the niece at the door, "she surely canna last muckle langer?"

"Don't deceive yourself, Jean," said my father with a twinkle in his eye, "she will last ten years to come yet, and see you out," and with that comforting assurance we left. I never saw her again, but I will not soon forget the impression her character and condition made on me.

The inhabitants of the Scotch village were hard-working, honest folks. Their religion, as a rule, was confined to a stolid but regular church attendance, although there were doubt-

less a few to whom religion meant more. The simple trust of two ladies who had barely enough to support them with their needles, and who had little to look forward to in old age, made a lasting impression on my mind. The moral tone of the place was very lax, chiefly because of the lack of a salutary public opinion. In this respect it was quite the opposite of the neighboring City of St. Andrews where moral lapses were as severely condemned as they were carelessly tolerated in Strathkinness. Why this was so I do not know.

I spent many happy summer days in Strathkinness, and if ever it is my good fortune to see again the land of my birth, there is no spot in "bonnie Scotland" that I shall visit with more pleasure, for no spot will awaken more varied and happy memories.


CHAPTER IV

GOLF

"Health is the vital principle of bliss,
And exercise, of health."

THOMSON

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ORN in St. Andrews — the ancient capital of the golfing world — my golf recollections naturally start there. They begin with a wee Scotch laddie of five, bearing a dim but unmistakable likeness to myself, playing on the edge of the historic links with a small club specially made for him. About that time gutta-percha balls had supplanted the old feather-filled, leather-covered kind, but I can recall seeing specimens of the latter lying about. In those far-off days old Tom Morris — the Nestor of the game — was the leading professional. But, of course, he had rivals, of whom

Willie Park, of Musselborough, was the chief. The professional match of those days was usually arranged for three to five days' play over several courses. It was a continuous affair, beginning at the home of one player, covering several neutral courses, and finishing at the home of the other player. If the "stakes" for such a match were as high as one hundred pounds sterling they seemed large to us!

On one occasion a long drawn-out match of this sort between Tom Morris and Willie Park, having started at Musselborough, was being finished at St. Andrews. After various ups and downs it reached the thirty-sixth hole at St. Andrews with the players "all even." Playing the last hole Tom reached the edge of the green in two, but still thirty or forty feet from the hole. His opponent was in the grassy hollow short of the green in two, and electrified the crowd by holing his approach shot. Old Tom only smiled — nothing in the game ever made him swear! Taking out his old wooden putter, he calmly studied his putt, and while the crowd held its breath, he played and holed it! Those were not the days of extra holes. The match was halved, and Tom's St. Andrews admirers carried him off the green on their shoulders in triumph.

Passing a decade, I see the wee laddie — now bearing a much clearer resemblance and more definite relation to myself — a lad of fifteen at work in a bank and very proud of it. He still played golf, but not as often as he should have done. Like many another, he failed to appreciate his advantages or embrace his opportunities. Consequently he missed the best years and left Scotland permanently at eighteen without having become a first-class player.

At that time, young Tom Morris was supreme. I think he won the championship three consecutive years before he was twenty. He passed away at twenty-three. How would he compare with the top-notchers of to-day? Comparison is difficult and futile. The clubs, the balls and the courses have all been greatly improved since then. All I can say is that he was easily the best player of his day. Those of us who knew him can never forget his brilliant, dashing style as a player, nor his captivating personality as a man. He was king of his golfing world — but it was a small world. Even England did not belong to it at that time, although some old gentlemen played at Blackheath, near London. Some clubs were indeed shipped from St. Andrews to foreign parts, where a few Scotchmen had found themselves and had

started the grand old game in a modest way. But, practically speaking, the golfing world was confined to Scotland.

Passing another decade, I find myself in Minneapolis with a few clubs and balls brought with me on my return from my first visit home. Explaining their use to my friend, C. T. Jaffray (then a banker — now a railroad president) we went several times to a farm where there was some grazing land, selected certain trees as “holes,” and banged the balls about, thus playing (I believe) the first golf in Minnesota. I am proud of having initiated Mr. Jaffrey into the game, for he later became, and still is, one of the best players in that section.

A few years later — 1896 — I found myself in Chicago (still working in a bank and still proud of it), where two golf clubs had recently been organized. Charlie Macdonald (to whom American golf owes as much as to any other single man) J. H. Whigham, the late Wm. R. Stirling, my brother, James B., and other Scots had inspired some Americans to join them, and had launched the Chicago Golf Club, first at Belmont, and later at Wheaton, west of Chicago, where it still flourishes. But this location was not convenient for Chicagoans whose summer homes were on the north

shore of the Lake, therefore Onwentsia was started at Lake Forest. I joined, and the delightful thrill I experienced to find the game of my youth established in Chicago and ready to my hand has remained with me in ever-increasing force. I often wonder whether I could have endured life in Chicago all these years without it.

We who had learned the game in Scotland had a brief period of fame and glory before the Americans caught on, and some of us won honors and reputations which have been hard to live up to since. But it was fun while it lasted. For example, I remember visiting a city in the early days where golf had been played for about a year. Strolling up to the shanty of a clubhouse, I asked if I might play. Permission was at once granted and I then inquired if there was anyone about who would join me in a game. This was met with the question as to whether I knew the game, because, said the attendant, "Our best player is here looking for a game, but he does not like to play with beginners." I replied that I knew something of it, and the best player was at once produced — a fine-looking young lawyer. We played, and doing my usual "low-eighty" against his hundred and twenty, I won every hole! My

opponent was one of the right sort, however, and next day he played me again in the presence of quite a crowd which he had collected to see the "wonderful player!" He gave a dinner for me that evening. He is now a better player than I, and we are still friends.

But other experiences soon followed. Going a little later to La Crosse, Wis., to play with my old banker-friend, George W. Burton, he introduced into our game a student lad named Hixon, from whom I narrowly escaped defeat. A few months later young Hixon came into my office, and asked me if I could arrange a game for him with our professional at Onwentsia, explaining that he wished to see a "pro" play. I did, and my young friend played Onwentsia in seventy-six and beat the professional! Thus early did we old-timers learn to fear the boys!

Among all my recollections of early American golf there is only one of an unpleasant nature. Two men, always playing together and keeping each other's scores, had won several cups. They were beginners and suspicion arose as to the correctness of the scores they returned, and when they entered for a tournament at Onwentsia, it was arranged that two of our best players should play behind them and keep

their scores. The result was that the two worthies promptly and permanently disappeared thereafter from golf competitions! Verily, human nature is a queer thing! Fancy taking a cup home, receiving the congratulations of family and friends, and knowing all the while that it was stolen! One would think that such a cup on the mantel would be a constant occasion for blushing confusion instead of pleasurable pride! But to the honor of American sport be it said that such cases have been exceedingly rare.

In all recollections there must be an element of sadness as we remember those with whom we worked or played, and who are no longer with us. For myself I find that it is as golfers that I recall them, no matter how prominent in other directions they may have been. For example, no man who has passed from Chicago for some fifteen years is more frequently recalled by his friends than the late John H. Hamline. He was a fine man, an able lawyer, a public-spirited citizen whose professional and *pro bono publico* achievements are well remembered. But it is as a golfer that I love best to think of him. He had a most deliberate style, but such a true love for the game and so earnest a concentration thereon, that it was a delight to play

with him. He had also a keen sense of humor, many instances of which I could relate. Perhaps one will suffice, as it is at my own expense. I had offered two sets of golf clubs as prizes for a mixed foursome competition, and it was usual at Onwentsia in such games for the women to ask the men to play with them. On the day of the event I was asked by a woman to be her partner, but declined because I was giving the prizes. "Oh, come on," said she, "we won't win, anyway." So I played, and as luck would have it, we did win. My partner took her prize but I, of course, allowed the man's prize to be competed for again. In the newspaper, however, appeared a squib under the heading—"Wins His Own Prize," which, of course, did not contain all the facts. Next day John Hamline walked into my office and engaged me in conversation as to the great depth of meaning in some Scotch words. Explaining that he was studying Burns he asked me the full meaning of the word "pawky," spelling it out most carefully. I told him that "pawky" meant "canny, shrewd, a little over-reaching, sure to get the best of it in any possible way." "Thank you, D. R.," replied John, without a glint of a smile. "I thought a man who would win his own prize could explain the meaning of

‘pawky,’ ” and he marched away without another word.

Golf’s conquest of America was as rapid as it now bids fair to be complete. But it had some old prejudices to overcome. When I had competed in a few tournaments in Chicago the chief stockholder of my bank proposed to sell his stock on the ground that I could not be “a sport and a banker at the same time.” But he later repented, kept his stock (greatly to his financial advantage), was conquered by the game and enjoyed many a round before he passed away. Today anyone who objected to golf in moderation as recreation for the “tired business man” would be generally laughed at. In the past three decades the Royal and Ancient game has certainly won its way! I look back to the time when the one course at St. Andrews was never crowded. Now there are four courses, and in summer they are constantly crowded.

I look around in Chicago and find over a hundred courses — some as fine as any in the world. Millions of dollars have been invested in golf clubs all over the country, and American life has been transformed and enriched thereby. Some American-born players are the equal of any in the world. A constant evolution in

clubs, balls and courses is going on with the aid of American inventive genius, and about ten strokes have been cut from the best scores thereby. My old club, Onwentsia, now numbers among its members such champions as Robert Gardner and Miss Edith Cummings, and can put a team of players in the field which could, as I believe, hold its own with a team from any club in the world. But while I love Onwentsia of which I am proud to have been champion more than once (before the boys came along), I do most of my playing on Old Elm at Fort Sheridan. This is a course on which no woman has ever played, and it admirably suits the limited number of men of advancing years who own it. The ground is rolling and the holes have picturesque variety and individual charm. Under the able administration of President E. F. Carry and Chairman of the Green Committee W. A. Alexander, the course is always in perfect condition. There is never congestion, nor any waiting, and the members get terribly spoiled for the ordinary links, with women and children cumbering the ground! I suppose we are a selfish lot at Old Elm, but if there is anything this side of paradise nearer to human happiness than four congenial golf-affinities all playing well on a June day on that course, I

know not what it is! Gentle breezes from Lake Michigan temper the atmosphere; the cares of business and the worries of life "fold their tents like the Arabs and as silently steal away"; forgotten the rheumatic aches and other ills that prey on increasing years; the mind purified of all sordid or material considerations generates a spirit of youthful camaraderie; jovial badinage and mock sympathy for opponents' misfortunes form the conversation; the happy hours speed away on the spirit-wings of mutual understanding and joyous friendship.


The grand old Scotch game, so circumscribed in my youth, has, in my day, conquered America. Who shall undertake to measure its contribution to the health and happiness of our people, or to estimate the benign influence of the friendships local, national and international, which it has created and cemented?

CHAPTER V

BANKING EXPERIENCE IN SCOTLAND AND CANADA

"To business that we love we rise betime
And go to't with delight."

SHAKESPEARE

F, as I believe, one of the greatest blessings of this life is to have a congenial occupation, I was singularly fortunate when I chose Banking as a profession. From boyhood there has existed for me a kind of romantic glamour over that business. After almost half a century in it I can say that I have never had an uninteresting or irksome day inside a Bank. I have had many anxious, overworked and worrying days, but never one when I watched the clock and longed for the day to pass. I left the business once for

a few months, and all the days of that period were long, dreary and uninteresting. I was as much out of my element as a fish out of water, and like the fish I think I should have died had I not returned to my chosen calling. This predilection for Banking probably came from the fact that my most admired uncle was a successful Scotch Banker in England, and from the further fact that my older brother, Jim, was meeting with success in that calling. As a small boy I had looked up to his position in a Bank as one greatly to be desired and distinctly preferable to any other opening to be had in old St. Andrews. Afterward, when Jim had gone to America, his letters home indicating his advancing career established in my mind an ardent desire to follow in his steps. Therefore when the time came for my Sunday-School teacher — John Nicholson — to give me the preference over other applicants and take me into the Clydesdale Bank, of which he was the Agent at St. Andrews, I was a very happy lad. Impatiently I counted the days which intervened before my actual entrance like a child looking forward to Christmas. I was fifteen and a half years old and was in the highest classes at Madras College. My father would have had me go to the Univer-

sity, and my English teacher, Dr. Armstrong, also was flattering enough to urge me to do so, and to adopt literature as my life work, but I have never regretted my choice of Banking. It is futile, but interesting, to speculate on the different life the other choice would have meant. There might have been the worries and pursuits of a parson, or the London garret, the struggle and possibly the final fame, or more probably the flat failure of a writer. In any case, I am sure, I have had a happier life in Banking, and that is something.

My first day in a Bank stands out clearly in memory over a lapse of nearly half a century. I see the high mahogany desk and long-legged stool that I took proud possession of — the same desk and stool doubtless which some other Scotch lad occupies today for things do not change in St. Andrews. The branches of Scottish banks sent weekly, monthly and quarterly returns to Head Office, which were practically transcriptions of the branch's books. I have often wondered since what on earth the Head Office did with some of them. The first task set me by the accountant, Mr. Geo. Smith, was to sum up in pencil the quarterly return of the Individual Ledger. This involved the adding of some fifty or sixty columns of

figures, about two feet in length, and stated, of course, in Sterling. As I had led my school in Arithmetic no trial task could have suited me better. I added them up rapidly, and only once. When I returned them to Mr. Smith he first glanced at the clock — he was evidently timing me — and expressed surprise at my speed. “Now,” he said, taking down the grand totals, “if you have made no mistakes this column subtracted from that column will equal this other column subtracted from that other column.” They balanced to a penny. Mr. Smith said nothing to me, but taking the return with him he went into the Manager’s room, closing the door behind him. I do not know what he said to Mr. Nicholson, but I have no doubt it was complimentary to myself or Madras College, or possibly to both. Thus happily began my work as junior clerk in that office. My salary was \$4.00 per month the first year, \$6.00 the second and \$8.00 the third year. At the end of the three years, however, I was an experienced Bank clerk capable of filling any clerical position in a Bank.

Mr. Nicholson was also Agent for several Fire Insurance Companies, and was several times Assignee in Bankruptcy in commercial failures. I helped him in these personal affairs

without any idea of pecuniary reward and was glad to get the experience. I am not boasting of this. I am simply recording the *spirit* which then pervaded such matters. No Bank clerk of that day would have felt or acted differently.

Mr. John Nicholson was a Christian business man of the highest type, who left an impression on my youthful mind that is still fresh and helpful. He afterwards filled a national position in Scottish Banking and Church Life, and died a few years ago, known and highly respected by the whole country. Perhaps nothing done in the Clydesdale Bank affords a stronger contrast to present-day ideas than the method of "Clearing" with the other Banks in the City. As Scottish currency consists of notes issued by the Banks, the clearings included cash as well as checks. Part of the junior's duties, therefore, was to take the checks and notes of other Banks to their counters for redemption by draft on their Head Office. In so doing we did not even use a hand bag, but carried the money openly (and rather proudly, for it lent an air of importance) in bundles in our hands. Such was the feeling of security that the idea that the boys might be held up and robbed never entered anyone's head. The same methods are probably still in use in St. Andrews.

Promotion in a Scotch Bank is a very slow process, and at the end of my apprenticeship in the Clydesdale I was eager to follow my brother to Canada. He told me to write a letter of application to the Bank of Nova Scotia, Halifax, with which Bank he was then connected, and to get a letter of recommendation from my employer. This was where my friend, Mr. Nicholson, got even with me for the work I had done for him personally, for he wrote such a strong letter that the General Manager of the Bank of Nova Scotia authorized my brother to cable for me at once. That cable was Scotch, for it wasted neither words nor money. It consisted of the one word "*Come.*"

Again the romantic glamour of Banking filled my mind, and after a short period of paying farewell visits to relatives, and of preparation in the way of supplies of clothing, etc., I was ready to obey the summons.

To show the kind of mother I had let me say that, although a busy woman, she knitted one whole sock every weekday during that period of preparation, and I left with fine woollen socks enough to keep my feet cozy in cold Canada for years to come. The wrench of parting with that mother who, motherlike, felt it the more, because of the trouble she had had in

pulling me through a delicate childhood, is as fresh in my recollection as if it had occurred yesterday. Although no longer delicate, I wept in her arms and was not ashamed. After a quieter good-bye to my dear father, who came to the railway junction with me, I took passage from Glasgow in March, 1880, and after a stormy voyage of fourteen days I arrived in Halifax. As a side light on the circumscribed life of a Scotch lad in those days I may mention, in passing, that although beautiful Edinburgh was only forty-four miles distant from St. Andrews, I had never seen it until I passed through it on my way to Glasgow to sail for Canada. On my arrival in Halifax I was fortunate in having a home to go to as it was arranged that I should live with my brother's mother-in-law, Mrs. Murray. The office of the Bank having a staff of about twenty seemed imposing to me, coming from an office with a staff of three. I went to work with eager enjoyment, my first job being at the correspondence desk. I liked Halifax and its people, and look back upon my stay there with pleasure.

My brother Jim was then Agent of the Bank at Woodstock, New Brunswick. Before I had been long in Halifax he found occasion to be there, and entering the Bank he walked all

around me before I recognized him. He, of course, knew where to look for me. We had not seen each other for ten years, and it was a happy meeting.

Soon afterwards he had me sent to Woodstock to relieve his teller, and I had my first meeting with his good wife and family. Woodstock was only a little backwoods town. It had no Bank until Jim opened the branch there. The branch did well from the start. Jim was very popular and quite contented. He afterwards became one of the leading Bankers in America, and accumulated a fortune; but I doubt if he was ever happier in his whole career than he was in Woodstock.

From Woodstock I was sent to St. John, New Brunswick, to relieve the staff there during the summer holidays. After that I was recalled to Halifax and given charge of the General Ledgers. This was considered the hardest clerical job in the Bank. As illustrating how a well-managed Bank grows, I may say that the resources of the Bank of Nova Scotia as I recall putting them down on the balance sheet then were about \$4,000,000. Now they are \$224,000,000. It was then a local institution having a few branches in the Maritime Provinces. It is now one of the largest Cana-

dian Banks having branches from the Atlantic to the Pacific.

When I had been in the Bank about a year it was decided to open a branch at Winnipeg, Manitoba — then a booming town of the new Northwest — and I was sent there as accountant. I took with me \$40,000 in cash, and was seven days on the way, stopping a night at Chicago and two nights at Minneapolis. The cash was in a leather bag, and as I never parted with it for a moment day or night it became a great deal of a burden during that long journey. By reason of missing connections at Minneapolis I had to stay there over Sunday, and was two days later in reaching Winnipeg than I should have been. I resented the burden of carrying the cash, and so I forebore to telegraph the General Manager from Minneapolis. I thought I would give him a taste of the anxiety about that \$40,000 which he had laid upon me, and I did, for when I reached Winnipeg the Manager, who had preceded me, showed me several telegrams from the General Manager inquiring if I had arrived “with the remittance.”

We had difficulty in securing an office in Winnipeg, but as soon as I arrived with the money we started business. For a few days,

while a corner of an office was being prepared for us, I paid checks out of the leather bag attached to my person. After a while we secured a fair office, but the security of the safe being doubtful, it became my duty to sleep in front of it on a shake-down and armed with a revolver. Our books from Head Office were expected daily, but owing to floods they did not arrive for six weeks, during which period I kept the records of the Bank on large sheets of Manila wrapping paper. When the books came I had to copy the six weeks' work into them besides keeping up the daily records. This kept me at work every night until midnight for a while, and then I would prepare my bed in front of the safe and sleep until seven A. M., when I had to get out to make room for the scrubwoman. This was rather strenuous work, but I did not object. It was tinged with adventure and romance to my mind. Was I not a tenderfoot in the great Northwest, roughing it like a man, and I so recently a boy in the old Bank in the Ancient City by the Sea?

The Manager was an Englishman — a fine fellow — but not very shrewd. As an example of the difference between an Englishman's point of view and that of a Scotchman, take this: A wholesale liquor dealer had opened

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an account with the Bank, and shortly afterward I was at the Manager's house for dinner. After dining he said, "Come up stairs and see the nice present Mr. . . . sent me." Following him to an upstairs room he showed me fourteen demijohns of various liquors all standing in an imposing row. I said nothing, but I must have looked something for the Manager said, "Now, Scotty, what are you thinking? Come on out with it." "Well," I replied, "I was just thinking that these liquors have cost you nothing and I hope they will cost the Bank nothing." He roared with laughter, evidently thinking it a great joke. Nevertheless, the liquor dealer made a disgraceful failure within a few months, and these liquors cost the Bank exactly one thousand dollars a demijohn, or fourteen thousand dollars.

The year I spent in Winnipeg was one of the happiest and most eventful in my life, for it was there that I met and courted my wife. I fell half in love with her by looking at her in church, and the first time I met her and walked home with her, I fell the rest of the way. She was then supposed (erroneously, as I afterward learned) to be engaged to a young professor in Manitoba College — a man of fine mind and character whom I greatly admired.

Nevertheless, on my way home that first night I definitely decided that I would marry her if I could. Unfortunately I soon found that I had not made any such impression on her as she had on me! But earnestness and persistence count a lot in such matters, and when I left Winnipeg the following Spring, we were engaged.

On my return to Halifax I was made clerk to the General Manager, a Scotchman of cranky disposition, but great ability, from whom I learned much. The following winter the Bank purchased the Union Bank of Prince Edward Island, and I was sent to Charlottetown to break the staff into our ways. After a pleasant sojourn of three months there I was recalled to Halifax. The return journey gave me another touch of adventure, for I crossed from Cape Traverse to Cape Tormentine on broken ice like Eliza in Uncle Tom's Cabin. Harnessed to a boat, carrying the mails, the guides and I had four hours' hard work alternately pulling the boat over ice and rowing it in open water. On broken blocks of ice our feet were often under water, and when any one of us sank as deep as the knees he saved himself by falling into the boat while the others dragged it onwards. From Cape Tormentine, without changing my wet

clothes, I drove to Amherst, a distance of forty miles in a sleigh along icy roads, and in a wintry storm, arriving about one o'clock Sunday morning. But I was young then, so I arose for breakfast none the worse, and went to the Presbyterian Church where I heard an excellent sermon.

Arrived in Halifax I resumed my duties as General Manager's clerk, and the following summer, at the age of twenty-two, I got my first chance at the Management of a Branch, and the responsibility of loaning money. The Manager of the little Branch at Digby, N. S., being sick, I was sent to relieve him, and was there for two months. On taking over the discounted notes I put aside about a dozen, and when I had finished the task the following conversation took place between myself — the smart youngster from the Head Office — and Mr. Churchill, the shrewd old country-banker who had been at it for thirty years in Digby.

The youngster: "The bills balance, Mr. Churchill, but I think that the endorsements on these notes are forgeries. The maker of the note forged the endorser's name in each case."

Mr. Churchill (taking the notes in question and calmly examining them): "Well, young

man, you are pretty smart. You did not pick out all the forgeries in the box, but all of those you did pick out are forgeries right enough."

The youngster, in astonishment: "Well, why don't you have the forgers arrested? "

Mr. Churchill: "Arrested? Not on your life! These notes are the best loans in the Bank. The makers know they are forgeries. I know they are forgeries, but the makers don't know that I know they are forgeries. If you are here when these notes mature you will find every one of them will be promptly paid. The makers are farmer-fishermen. They are not running away, and they will take good care that the endorser does not get a notice of the non-payment of the note."

I was there long enough to notice that these notes were promptly paid — generally a day or two before maturity!

Upon my return to Halifax I thought it my duty to report this kind of business to the General Manager and to ask if I should write Mr. Churchill and put a stop to it. "No, No," said the General Manager laughing, "let him go on discounting his forgeries — he has made no loss in many years."

Shortly after this I was sent to Amherst to take temporary charge so that Mr. H. C. Mc-

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Leod, the Manager, might proceed to Winnipeg to take the management there. Amherst was a more important Branch. The first day I was in charge, I remember, I discounted over one hundred notes. I was there all winter. My clerking days were now over, and I was slated for the Management of the next vacant Branch. This turned out to be Fredericton, the capital of New Brunswick, a pretty little city on the St. John River, containing a House of Parliament, a fine Cathedral, and pleasant society but little business.

Feeling now settled, I was in a position to marry — or I thought I was. Looking back I now marvel at the reckless courage I displayed in assuming the responsibilities of marriage on the salary I was earning. But Agnes Kerr, the girl in Winnipeg, had more courage, so I journeyed there once more and we were married on June 9, 1885. We took a cottage in Fredericton and proceeded to furnish it by degrees. When my brother Jim, then Inspector of the Bank, later visited Fredericton officially, our cottage was all furnished except the parlor which contained nothing but a Brussels carpet. On entering, Jim quickly took in the situation, and after kissing the bride, he stepped into the parlor and deposited his two hundred and fifty

pounds squarely on the said carpet by sitting down on it.

What happy days those were! We have furnished various houses since, but all of them combined have not meant as much, or yielded as great a thrill, as the building of that first little nest. By reason of many wedding presents young people nowadays often start with more things than they can use but, in my opinion, they miss much by having no experience like ours.

Marriage, no matter how happily mated the pair may be, soon develops its responsibilities. Within a year my wife had been literally within the valley of the shadow in giving birth to our oldest son, Robert. Thanks to a fine constitution she recovered, and during the five years we lived in Fredericton our two daughters, Marion and Ethel, were added to our happiness, and they have continued to add to it ever since. Those were five happy years.

We had many friends, and when we came to the hour of leaving for the great City of Minneapolis, it was with tears and tender hearts that we said our good-byes. There was a regiment of regular Canadian soldiers at Fredericton, and I was an honorary member of the officers' mess. On the eve of my departure

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they honored me with a fine dinner, at which many kind speeches were made, while the military band discoursed music outside. I have never felt quite so important since!


Promotion, however, was slow in a Canadian Bank, and with my growing family I was forced to look to a wider field. Through my brother Jim, who was then Cashier of the Northwestern National Bank, Minneapolis, I secured a job with the Pillsbury-Washburn Flour Mills Co., there. I did not intend to give up Banking and took this position only as a stepping stone to an opening in an American Bank. Selling our furniture, we set out for Minneapolis with faith and courage, but with nothing else.

CHAPTER VI

BANKING EXPERIENCE IN THE U. S. A.

“Forward, as occasion offers —
Be satisfied with success in even
the smallest matter, and think that even
such a result is no trifle.”

MARCUS AURELIUS

N MY new job in Minneapolis, I was only a high-grade clerk in a business which did not interest me, and the faith and courage referred to in the last chapter were much in demand during the next four months. At the end of that time I was lucky enough to secure the position of Assistant Cashier of the American Exchange Bank, Duluth, and was once more happy in my work.

As an example of how a word may change the current of one's life, I may mention that

when I applied for this position I was asked to visit Duluth so that they might look me over. I had heard that several others had answered the same request, but none of them had secured the job. The Bank authorities were evidently hard to please, so I combed the whiskers which I then sported and tried to look as old as possible. After taking me before the directors Mr. MacFarlane, a fine fellow-countryman from Stornoway, proceeded to turn me down as gently as his kind heart prompted him. He said I was all right in every way but one, and that I was not responsible for that one defect—I was too young. "How old," I asked, "do you think the man you want should be?" "Oh, at least fifty," he replied. "Huh!" said I, "he would not be worth a damn. If he is looking for such a job as Assistant Cashier of this little Bank at fifty it will only be because he has been a failure up to that time." "Well, well," Mr. MacFarlane replied, "take a look around the town and come in and say good-bye before you go home."

I left his office with keen disappointment, but returned in the afternoon as instructed. On meeting Mr. MacFarlane again he smiled genially and said, "Young man, you used rather strong language when you were here." "Yes,"

I said, "I seldom use such language, but I *meant it that time.*"

"Well," he said "after you left I got thinking it over and I saw you were right, so I sent for the directors, quoted to them your language, and they saw you were right. So we have decided that you are the man we want."

I have seldom been more elated. I went out rejoicing and sent my wife a telegram the receipt of which caused her to dance a jig with the children.

After a year in Duluth, where our son David R. Jr. was born, my brother was called to Chicago and I was appointed to succeed him as Cashier of the Northwestern National Bank of Minneapolis. The responsibilities of this position were greater than any I had before assumed, but I found that the principles of correct banking are practically the same everywhere, and the amount involved makes little difference. I now worried no more over a doubtful loan of \$100,000 than I had worried over one of \$500.00 in Fredericton. During the four years I occupied this position the outstanding financial event was the panic of 1893. The Bank, however, as might be expected after Jim's management was in a thoroughly sound condition, and weathered the storm like a good

ship at sea. Toward the end of my stay, the Bryan Free Silver craze got under way, and I attracted some notice by taking up the cause of sound money with tongue and pen. Otherwise my business experience in Minneapolis was uneventful. I gained, however, in knowledge of the business of the country and in acquaintance with some of its big business men. When, therefore, an offer came from the Union National Bank of Chicago to take its Vice-Presidency and Management (the President being inactive) I felt that I could qualify, especially as the offer doubled my salary.

We left Minneapolis with regret, impelled only by the greater remuneration and wider field which Chicago offered.

It was from Minneapolis that I first returned home to Scotland. My father desired a family reunion, and all of us, with all of our children, met again in the Ancient City. A family photo of our parents, their children, their children-in-law and their children's children showed a group of thirty-eight. I played again on the old links, swam again in the Witch Lake, met again my former schoolmates, and so re-visited the loved scenes of my boyhood. Best of all, I was once again with my beloved parents, my three dear aunts, and many others of my kith

and kin. Of course they all admired my wife and bairns, and I was a proud and happy man.

The Union National Bank of Chicago had experienced large losses during the panic and was not in good standing, but I satisfied myself before agreeing to take the management that, while the surplus was gone, the capital was still unimpaired. Jim was ill at the time and advised against it, but I thought I heard opportunity calling. Two years later, acting for my Bank, I bought all of the stock of the Hide and Leather National Bank, a small but clean institution, and merged it, overnight, with the Union National. In connection with this purchase Mr. Ellsworth, the inactive President, kindly retired, I was elected President, and Mr. John McLaren, formerly President of the Hide & Leather, became Vice-President. I was thus, at the age of thirty-six, President of a Bank with \$2,000,000 capital but a run-down business. When I took hold in 1896 the deposits had decreased to \$4,000,000. During the five years of my incumbency they increased to \$15,000,000.

One of the happy memories of my connection with the Union National is my close association with its Cashier, August Blum, a courteous and learned gentleman, an upright business man, a good banker, a ready wit and

a genial comrade. He is master of many languages, is familiar with the literature of many countries, and has many friends among whom I still count myself, although as he has retired to spend the evening of his days in California, I now seldom see him.

In the year 1899 we built and occupied our present home in Evanston, and in March 1900 our youngest son, James Russell, was born in it. Eight years had passed since David's birth, and we were all very happy to have a baby in the house again.

In the summer of 1900 my brother Jim and I again visited Scotland to see our parents who, we feared, were failing in health. We were always glad that we went, for they both passed away before the year closed. They had more than half a century of life together, and in their death they were not divided, for they died only four weeks apart. If, as a family, we have done fairly well, we owe it chiefly to the fact that we had parents who taught us by example and precept that integrity of character is at once more important than success, and the main source of success. Father, although somewhat easy going, had absolute honesty, good judgment, patience and common sense, while mother, in addition to other fine qualities, pos-

sessed energy and ambition in abundance — especially for the success of her children. Their union produced these qualities in varied combinations in their children, but I shall not here undertake to apportion them. Perhaps each of us thinks he has them all!

On the return trip from Scotland Jim and I drew up an agreement of absorption of my Bank by his. Soon afterwards this was consummated, and I became First Vice-President of the First National Bank of Chicago of which my brother was President. I occupied this position for six years, and during that period this great Bank took three important forward steps. It absorbed the Metropolitan National Bank, with its deposits of \$22,000,000, it started as an affiliated and jointly-owned Bank, the First Trust and Savings Bank, which has been a very great success, and it built its present building at the corner of Dearborn and Monroe Streets.

As an example of how well-managed institutions grow in Chicago, I may say that Jim and I felt we were building for fifty years' growth, but now, after twenty years, the joint Banks have acquired the large Fort Dearborn Bank Building on their west side and are building an addition thereto because they need the space.

About the close of the year 1906 a group of business friends suggested to me the starting of a new National Bank. From boyhood I had entertained an ambition to be the founder of a Bank, and as the proposal was based on terms that made it possible for me to become a considerable stockholder in the new institution, I agreed to it. I resigned from the First National and left December 31, 1906, without having made a move towards starting the new Bank, and on February 5, 1907, the National City Bank of Chicago opened for business with \$1,500,000 capital paid up, and myself as President. The deposits taken in the first day were over \$2,000,000. This was quick work and a good start. At this time I was fortunate in securing the services as Cashier of Mr. H. E. Otte, who had been with me in the old Union National and First National. He set up the machine, arranging all the details of books, forms, etc., selecting a staff of about twenty clerks and instructing them in their duties. The result was, that as many remarked, the moment the doors were opened, the Bank began running as smoothly as if it had been going for years. Mr. Otte has been at my right hand ever since. It was not long before he was made Vice-President, and in January, 1924, he be-

came President, while I became Chairman of the Board. He is a man of the highest character and a thorough Banker familiar with every detail of the business, and possessed of shrewd judgment in the loaning of money. He has been a great support to me, and I am glad to know that while faithfully serving the Bank he has himself prospered.

The new Bank grew rapidly at first, and steadily later, until it had deposits of \$35,000,000, capital of \$2,000,000 and surplus earnings of \$1,500,000. It paid dividends every year, except the first, at the rate of six per cent, later eight per cent, and the last three years ten per cent per annum. These results compare favorably with the history of any National Bank in Chicago of similar age, and I believe I may claim for the Bank with which I have been most closely identified, a fair measure of success. During the eighteen years of the Bank's existence I have been very happy in my business because I always had the full confidence of the Board, and the loyal support of the officers under me. Among the officers (now officers of the Republic) the following were with me when we started the National City Bank: F. A. Crandall, Vice-President, R. B. Fuessle, Vice-President, T. R. Thorsen, Asst.

Vice President, and W. G. McLaury, Vice-President, has been nearly as long. For all of these men I have the highest regard, and they have all contributed their full share to the success of the Bank.

All the expenses of banking, including taxes, have materially increased in this country during and since the Great War, while the income, composed chiefly of the discount on loans, has remained the same. It is, therefore, now necessary to do business on a large scale, and there have consequently been many amalgamations of banks in recent years. For this reason the National City Bank and the National Bank of the Republic have lately been consolidated. The Republic being the older and larger bank and a combination of the names being too long for practical purposes, I reluctantly consented to the disappearance of our name. In all other respects the consolidation was on an equal basis.

Our office is a handsome one, in a fine location, and there is every reason to expect a successful career for the combined banks. The Chairman of the Board is Mr. John A. Lynch, a courteous and experienced Banker, my senior in years. He, and I as Vice-Chairman, hope to take life somewhat easier in future. The

younger and more active executives are Mr. George Woodruff, also Vice-Chairman, a very energetic and successful Banker, and Mr. Otte before alluded to, as President. Under them the Bank is well manned in all its departments.

Banking in the U. S. A. is done largely on single name paper, the credits being based on the statements of the borrowers. Practically we become temporary partners in every kind of business. It will be admitted that the business is, therefore, varied and interesting — never monotonous. Within one hour a city banker may discuss half a dozen different kinds of business, and decide whether to loan large amounts in each case. Thus time passes quickly in a busy Bank, and a Banker's years are like the years of the wicked for they are "*shortened.*"

I suppose every business man thinks he has more than his share of worry and anxiety. There is at least this great difference between Bankers and other business men. Others, as a rule, have only their own *line* to worry about, whether it be steel, coal, grain or what not, whereas the Banker is vitally interested in all lines and has occasion for anxiety if there is trouble in any business anywhere.


From this sketch it will be noticed that I have in my time served eight banks. I hope I served them well, but when I look at the recent statements of some of them, and observe how well they succeeded *after I left them*, I am not inclined to boast.

CHAPTER VII

ST. ANDREWS, NEW BRUNSWICK

"How happy could I be with either
Were t'other dear charmer away."

GAY

 HERE is another St. Andrews, less famous, equally delightful as a Summer Resort, and even more beautifully situated than its ancient Scottish namesake. It is a quaint village of less than a thousand inhabitants, on the East Coast of New Brunswick and near the River St. Croix which is the boundary between the State of Maine and Canada. It was settled by some of the Royalists who had to flee from the New England States at the outbreak of the American Revolution. At one time it attained some importance as a sea port, but that day

passed and now its chief support is drawn from summer visitors, about four hundred of whom from Upper Canada and the United States spend July and August there. An excellent hotel — the Algonquin — owned by the Canadian Pacific Railway cares for most of them, and the others occupy their own, or rent cottages. The place is not well known as yet, but I notice that when a new visitor, or a new family, has discovered it and spent a month there they seldom fail to return again and again.

Its golf course, close to the seashore, while good, is not equal to that of the ancient city, but the surrounding scenery is more beautiful. Indeed there are some “tees” on the course that for situation and scenery could scarcely be surpassed anywhere in the world.

While living in Fredericton — about sixty miles distant — we spent a fortnight’s holidays at St. Andrews nearly forty years ago, and after we had moved to Minneapolis and subsequently to Chicago, we yielded to the lure of the place and returned to it again and again. About fifteen years ago we bought and remodeled a cottage, started a garden, and made it our regular summer home. We think there is nothing to beat it for that purpose on this continent.

The town of St. Stephen is about twenty miles distant and the drive there along the river bank reveals scenery of rare beauty and charm.

In addition to golf there is good trout fishing within reach, and plenty of sailing and deep sea fishing for those who enjoy them.

Last summer the Presbyterian Kirk celebrated its hundredth anniversary with appropriate and dignified services.

We have a different set of friends there whom it is a delight to meet year after year. I and my family love it because of the memories of happy days spent on the links, picnicking in the pine woods, sailing on the bay, or motoring through the lovely surrounding country.

* * *

These sketches are, of course, a mere outline of my history. I have engaged in numerous activities, both public and private, and have had many experiences both pleasant and unpleasant which are not recorded here. Were I to attempt to write my "life" I would be met by the difficulty which Mark Twain tried to avoid by making his autobiography a posthumous one. But he found he could not avoid it, for he says a man "cannot be straitly and

unqualifiedly frank either in the grave or out of it."

My life as a whole has been about an average one and I view it with mixed feelings. I have had many blessings and also my share of cares, troubles and disappointments. If in some lines I can claim a fair measure of success, I am conscious of such failure in other directions that the net result is an inclination both to thankfulness and humility. In this I fancy I am like many others.



NOTE

I HAVE made many speeches of which the following are fair samples. The first of them "Grip and Grit" was read from the manuscript. The second "The New Federal Reserve Banks" was never written; what is here printed is a stenographic report of an extempore speech. The other manuscripts were written merely as preparation. The speeches actually delivered, while not committed to memory, closely followed the manuscripts with the addition of stories and a little humor.


D. R. F.

SPEECHES I

GRIP AND GRIT

Commencement Address
Lake Forest University, Lake Forest, Illinois
June 12, 1901

Mr. President, Ladies and Gentlemen:

LLow me to express to you my keen appreciation of the honor your President did me when he invited me to take part in the First Commencement Exercises of the Twentieth Century at Lake Forest University.

I am sure that the century opens auspiciously for this honored seat of learning, and I hope that whatever changes may take place the good record of the past will be excelled in the years to come.

I suppose there is an atmosphere about university life different from what we business men breathe. You have mathematics instead

of manufactures, philosophy instead of finance. Dead languages give you as much trouble as dead assets give us. Your quotations are from the classics — not from the markets. Your speculations are only scientific; your notes are merely footnotes and your only checks are the college rules. Bookkeeping is not unknown among you, for you sometimes borrow and forget to return, but, generally speaking, I suppose there is little in common between college and commercial life. For that very reason I hope it may not be amiss if I turn your thoughts to-day away from the academic shades of Lake Forest towards the turmoil of busy Chicago.

The century opens brightly for our country. Its first year will probably be distinguished by two achievements of world-wide significance. In volume of exports we shall probably show for the first time a decided lead to Great Britain — so long first in the commercial race of the nations. Last year we closed the old century just about even with her. This year we expect to lead her by a substantial sum. We shall also probably take the lead this year, for the first time, as the greatest gold-producing nation.

Something like regeneration has taken place in our business conditions during the past five

years. The United States has become a world power — not only to be reckoned with in world questions of diplomacy, but in the international struggle for commercial and financial supremacy.

As late as 1893 we imported more merchandise than we exported. By 1896 exports exceeded imports by only \$102,000,000; but in 1897 we almost trebled these figures, and in 1898 we doubled that again. For the past three years the balance of trade in our favor has been about \$600,000,000 annually. We cannot collect the total in gold, for there would not be gold enough in Europe to pay it, so we have loaned large amounts to the governments of England, Germany, Russia, Sweden and Switzerland, and bought back our own securities in large quantities. We are thus becoming the great Creditor Nation of the world.

In the production of coal, iron, steel, oil, cereals, meats, the precious metals and manufactured goods we are forging ahead of all competitors. The wonderful resources of our country, which are as yet merely tapped, give us an advantage which the enterprise and energy of our people are ever ready to emphasize.

We have emerged from our struggle against the Free Silver fallacy a nation of financiers.

Our machinery is the best, our methods the most direct. Our capital is ample, our credit unsurpassed. The consolidation of management and capital now going on is giving us a weapon suited to our gigantic hands. It needs no effort of the imagination, but only ordinary business foresight to picture our country in the near future as the greatest commercial nation the world has ever seen, possessed of material power and riches hitherto undreamed of.

Do not imagine that the good positions are all filled; the fortunes all made, the successes all achieved. The next quarter of a century in our country will witness more commercial success, national and individual, than any previous period. Will you, young man, be one of the successes? Will you be a private or an officer in the great industrial army? Will you be one of the multitude who obey, or one of the few who command? Will you be a mere cog in the vast machinery, or one of the engineers, or one of the owners? The answer to these questions depends chiefly upon yourself. It depends upon how you will grasp the opportunities, overcome the difficulties, and rise superior to the defeats which the future has in store for you. It depends in a word upon how you have been endowed, and how you will cultivate the

qualities of "Grip and Grit." By Grip and Grit I mean what may be called the bulldog traits of human nature. I have had great respect for the bulldog ever since I had a misunderstanding with a half-drunk man who was aided and abetted by one of that species; and I believe the bulldog is generally respected. His distinguishing qualities are his readiness to take hold, and his reluctance to let go — his "Grip and Grit."

It is impossible to classify many specimens of the canine race, but the bulldog is always recognizable. In the same way those of the human race who possess his qualities are easily distinguished from the multitude by their force of character, their success in life, and their usefulness in the world. What then do I mean by "Grip and Grit" when applied to human beings and human activity?

By Grip I mean that decision of character which finds or makes an opportunity and then takes hold of it with its whole might, and with full determination to succeed. It is not weak wishing — it is prompt acting. It is not hesitancy or procrastination, or "Waiting for Blucher to come up." It is beginning the struggle in the meantime as Wellington did when he achieved Waterloo. It is not hoping, like

Micawber, for "something to turn up"; it is setting to work to turn something up. Grip does not wait for extraordinary opportunities — it brings extraordinary application to bear upon the present duty. And what Grip lays hold of Grit carries forward to the end in face of difficulties and even after defeats. When Grip has laid its hand to the plow Grit allows no turning back.

We laud genius, but these great qualities have accomplished more than genius, and genius has never accomplished much without them. Indeed, because of the results of energy and perseverance many men have, with Locke, doubted the existence of genius, while others have held that genius is itself the power of making and continuing efforts. We must concede to a Shakespeare or a Newton the transcendent gift of genius; but it is also certain that they were tireless workers. Newton, when asked by what means he had made his wonderful discoveries, answered simply, "By always thinking unto them," and it is Shakespeare who says:

*"There is a tide in the affairs of men
Which, taken at the flood, leads on to fortune;
Omitted, all the voyage of their life
Is bound in shallows and miseries."*

Nearly everything we enjoy is the result of the exercise of these qualities by some one. Look on the fairest portions of our country to-day and tell me what it was that converted the "forest primeval" into these gardens of beauty? Was it not the manly Grip and Grit of the pioneers whom no difficulties could daunt, nor discouragements dishearten? When would religious liberty have been ours if Martin Luther had yielded to threats at the Diet of Worms; or if the Scottish Covenanters had not with heroic stubbornness faced inhuman cruelties and suffered death rather than submit to what their consciences declared to be wrong? Do you ask by what means numerous states formerly unfriendly have within a generation been welded together into the German Empire? Look at the photograph of Bismarck — the man of blood and iron — and there is your answer written in the lines of purpose and resolution so clearly that "he that runs may read."

Napoleon said that "impossible" was a word found only in the dictionary of fools, and Lytton makes Richelieu say, "There's no such word as fail."

The military genius of Grant was only the genius of sticktoitiveness. Did Vicksburg withstand his first six attempts to take it? Then, like

the Scottish Bruce, he planned a seventh and was victorious. Or where will you find a better example of courageous perseverance than in his famous dispatch when he proposed to "Fight it out on this line if it takes all summer"?

If we turn from the field of battle to Literature, it is, with a few brilliant exceptions, one long record of early defeats crowned with success after years of persistent effort. And even one of the exceptions who wrote with such facility that his popularity was immediate, furnishes in his life a noble example of the qualities we are discussing.

When Walter Scott was at the zenith of his power and prosperity he was suddenly involved in ruin by the failure of his publisher with whom he had been a silent partner. Although the amount for which he was liable exceeded \$500,000 no thought of compromising with his creditors seems to have entered his mind, but with a fortitude seldom equaled he determined to wipe out the debt by the fruit of his pen. With wonderful Grip this man of 55 took hold of his gigantic undertaking, rising at five every morning, and working 12 hours a day, and in two years he reduced his debt by \$200,000. The remaining years of his life were

full of sorrow. His beloved wife died. His children were scattered. No longer were his expectations high and his spirits buoyant. There was none now to cheer him on, and the debt lay like a heavy burden upon his proud spirit. Still he had the Grit to struggle on, publishing volume after volume, until both mind and body gave way under the strain and he died in the attempt. But his labors accomplished his purpose although he did not live to see it, for from the proceeds of a new edition of his works the entire debt was liquidated shortly after his death.

The world loves the name of Walter Scott, and never wearies of the music of his verse, or the imagery of his prose; but to me there is nothing in any of his books so inspiring to noble resolve, so enhancing to my veneration for his name, as the picture of the man himself with the stern purpose of paying his honest debts in his declining years, sitting down with nothing but his pen to accomplish his end, and never relinquishing his task until released from all his troubles by death. That was "Grip and Grit." A noble purpose once formed — then victory or death. These same qualities have been particularly characteristic of great inventors. The world soon forgets its benefac-

tors in this direction and is content to succeed to the inheritance they bequeath, while the story of their patient labors is left unwritten.

The commonest articles we use might teach us a lesson in perseverance if we knew the patient labor required for their production. Take, for example, a common piece of pottery and look at the enameled glaze which renders it so beautiful. The art of producing that glaze was lost for centuries when Palissy, the potter, resolved to rediscover it. He set to work at once, and worked for many years making almost innumerable experiments, every one of which was a failure; but he kept at it day after day until his family were reduced to poverty and he had actually taken his household furniture to feed his furnace before he reached the discovery which made him a rich man, brought a source of industry and wealth to his country, and placed his name among the enduring triumphs of "Grip and Grit."

When we consider the work of a master in painting, sculpture or music, we think generally of the wonderful genius there displayed; but in art as in all else, Grip and Grit are ever essential to the success of genius. Sir Joshua Reynolds believed that excellence in art may be acquired by any one, and says: "Whoso-

ever is resolved to excel in painting, or indeed any other art, must bring all his mind to bear upon that one subject." Michael Angelo believed the same thing, and was himself a tremendous worker, who used to go to bed with his clothes on that he might, as soon as he was refreshed, spring up again to his work. And as for music, any one who has ever taken lessons in it knows that success in that line can only come as a result of determined perseverance.

Hayden, speaking of his art, said, "It consists in taking up a subject and pursuing it," and Beethoven declared that, "The barriers are not erected which can say to aspiring talents and industry, 'thus far and no farther.'"

In a very true sense morality and even religion are matters of Grip and Grit. To live morally is to choose promptly between right and wrong, and to have the courage to stand steadfastly for the right against all the temptations of materialism, sensuality and organized evil; and the older we grow the more clearly do we see the worthlessness of mere passing spiritual excitement and the value of that religion the principles of which are exhibited in a consistent life, constantly controlled by a will-power which will not yield to man or devil, but which has learned to conform to the will of God.

In thus urging the exercise of will-power it is hardly necessary to point out that the motive must be pure and the object worthy. Strength of will is powerful alike for good or evil. Conscience must hold the reins and drive in the right direction or will power will only make disaster more certain. It was chiefly by the energy of his will that Napoleon carved out his immortal career. But it all ended without permanent benefit to France or to mankind because his motive was mere personal "glory" and his object imperial power. A far nobler character was that of Wellington, the motto of whose life was "duty," and whose aim was ever his country's good.

Let us now consider our subject in relation to success in ordinary life. Success in life! How the heart bounds at the thought of what the words imply. The mind of youth leaps forward to middle age, and visions rise before it of easy circumstances, extensive travels, refinement, elegance, perhaps public honors. Success is the object of man's pursuit from the time he puts his tiny foot on his mother-earth until he is laid to rest in her bosom. It is the inspiration of effort, the purpose of perseverance. Alas! how often it is never more than a dream of youth. In days gone by the wiseacres would have con-

sulted the stars as the best means of ascertaining whether blind fortune was to smile or frown, but we know better than that, we know that "man is his own star," and that fortune is not so blind as many who seek her.

In exceptional cases what we call luck seems to bring success, but as a rule success is the direct result of the possession and practice of Grip and Grit.

Some of you students have no doubt decided to consecrate your lives to the work of the ministry or teaching. You intend to forego the possibilities of business and the attractions of wealth and devote your lives directly to the service of God and your fellow men. You have chosen nobly. You are not to win money but men. You look to God to bless your labors and crown them with success. With all reverence I think God's blessing will depend largely upon the exercise on your part of the same qualities which would bring you success in any worldly pursuit.

A readiness to find opportunities for doing good, and persistent work with well-defined objects in view will win success. But God's blessing cannot follow laziness, lost opportunities, or fickleness of purpose. The farmer is dependent upon the blessing of God in the till-

ing of the soil; but it is certain that God never gives bountiful harvests to lazy or incompetent farmers. And in sowing the good seed of the gospel in men's hearts the same rule is pretty sure to prevail.

Others among you will enter the professions of law and medicine. Success to you will mean reputation rather than riches. Your triumphs will be the accomplishments of your professional skill. Your difficulties will not be small, nor your disappointments few. The crowded condition of your professions will probably call for all the Grit you can command while you are waiting for recognition. But if you keep up your courage and do not neglect to study while you wait, your opportunity will come and you will be ready.

In speaking to those of you who shall enter commercial life I feel more at home. Success in your case can be measured in terms of money. I should consider any business man who at 35 has an annual income of \$5,000 as fairly successful. From that up to millions is success in different degrees. I make no apology for speaking of success in terms of money. Money is the common measure of success in this age. It is also largely the measure of power. All good works depend upon it. It is through the giv-

ing of money only that most of us are enabled to do anything for the good of mankind. Its acquisition, therefore, within proper bounds, is a perfectly legitimate object to strive for, and all business is for that purpose.

What are the educational qualifications which you will find most helpful in entering upon a business life?

First: To be able to write a good, legible hand; to make good figures, and to place them correctly — the units below the units, the tens below the tens, and so on.

Second: To be able to add, subtract and multiply rapidly and accurately, and

Third: To be able to express yourself clearly, briefly, and grammatically in a letter, and to spell the words correctly. Very simple accomplishments, you say! Yes, and very rare. I have taken many young men into business in this country and I can scarcely recall one who had these accomplishments. Many of them were graduates of the high schools, and, in my opinion, there is something wrong with a school education which includes physiology, mythology, and biology and neglects the practical things I have mentioned. The question is often asked whether a young man entering business life is helped or handicapped by a college

course. I think that while much of what is learned at college is of no practical use in business, the mental training gained is of inestimable value. I hope the day is coming when there shall be more specialization in education — when the man who is to manufacture soap will have a different curriculum from the one who is to make sermons, and the one who is to follow finance will not be required to pass an examination in philology.

With regard to the choice of a business natural inclinations should be followed if possible. If these are not pronounced I would give the preference to a line of business in which, after it has been mastered, it is possible to start in a small way on one's own account with unlimited possibilities of growth. Success in railroading or banking, for instance, means only a good salary, while the profits go to the shareholders.

Success in merchandising or manufacturing of any kind means that the profits go directly into your own pocket. Do not seek the easiest employment. The young man who goes around looking for "a soft place" has got one already — under his hat. It is difficulty — not facility, which trains a fellow and makes a man of him. With your first connection with any business

comes your first great opportunity. Get interested at once in your business. Let it get a grip of you so that you cannot rest content until you understand it. Ask questions, and if there are books connected with the business read them. You often hear it said, "There is always room at the top." That is true. Mr. Schwab said the other day that the great steel corporation had been looking for three weeks for a competent mill superintendent without finding one. I am told it is the same in other lines. As for banking, I have not known the time for years when there were not some large banks looking everywhere for a capable manager. Why is this? Simply because there is room further down the ladder. Clerks show a marvelous amount of mediocrity, incompetency, and want of grasp. Managers are being constantly amazed at the ignorance of things which should have been learned the first year displayed by clerks who have been ten or fifteen years in their employ.

Not long ago a bank clerk of fifteen years' experience had occasion to go to the president and ask for a small loan. The circumstances warranted the loan and the president, consenting to it, handed the clerk a printed note-form to fill up for the amount. The clerk handed it

back politely requesting the president to fill it up as he, the clerk, did not know how. You see he had been keeping books in the bank and could not be expected to know anything about notes! I have known clerks to work for years in the same office within six feet of each other and know no more about each other's work than if they had never been within six miles of each other. The great majority are content to do their allotted duties by rote — to do them exactly as their predecessors did, without thought, without suggestion of improvement, without understanding the principles which underlie their duties, or caring to know more than just enough to keep their job. How can you elevate such men? Nothing short of dynamite would do it.

The young man who succeeds is the opposite of all that. He usually begins life with nothing. That is the best way to begin. The man who saves his first capital out of wages through the years is likely to be the most careful in handling it, and the most successful in increasing it. Having made a beginning he sets a definite object before his mind and resolves to become an expert in his business. He has the capacity to see that this is the day of the specialist — that the best judge of carpets, for ex-

ample, commands more salary than the Chief Justice of the United States. He resolves to persevere, and he does persevere in his business until no one knows more about it in all its details than he. He feels competition but he pays no attention to it. He sees one shoot past him by dishonest means, but he knows that such apparent success is really failure. He sees others suddenly gain a fortune by lucky speculation, but he lives long enough to see nearly all of them lose it again by the same easy way. He sticks faithfully to his work, never shirking responsibility, but welcoming it as an opportunity—and gradually there develops in him that self-reliance, that judgment of men and enterprises; that clear-minded way of seeing things as they are and not as they are represented, that courage, faith, and far-sightedness which all go to make up the successful business man.

Perhaps I have spoken too much of "Grip and Grit" as pertaining to man; but I believe that woman, as a rule, possesses these qualities in greater measure than man. She has at least more need of them in her life. There is so much against her if she has to earn her own living. Her wages are smaller than man's even for similar work, and the battle of life is harder for her all along the line. Success in business to

her is usually of a limited kind, but so far as it goes it will demand the same qualities which are demanded of men. For you young lady students I am old-fashioned enough to say that the best success in life for you is to marry a successful young man. To make a happy home is the grandest success in life. And if you will allow me I would suggest that you let him exhibit some of his Grit as a wooer before you surrender. Shakespeare knew a thing or two and he says: "Too light winning makes the prize light." There are two kinds of girls that have small chance of making a success in life by marrying the right kind of man — the affected girl, and the cheaply-won girl! And the strange thing is, that these two kinds always imagine themselves attractive, and wonder what the young men see in their more reserved and natural friends. But I am persuaded better things of you, and will only add that whatever be your lot in life I hope it will be brightened by many joys and saddened by few sorrows.

I am trying to-day to bring you a simple message from the business world. It is not new — it is as old as commercial life. You cannot always make opportunities, but you can always make the most of them when they come. And come they surely will if you are ready for them.

That remarkable man, the late Senator Ingalls of Kansas, has put this truth beautifully in his personification of "Opportunity":

*"Master of human destinies am I;
Fame, love, and fortune on my footsteps wait,
Cities and fields I walk; I penetrate
Deserts and seas remote, and passing by
Hovel and mart and palace, soon or late
I knock unbidden once at every gate,
If sleeping, wake; if feasting, rise before
I turn away. It is the hour of fate,
And they who follow me reach every state
Mortals desire, and conquer every foe
Save death; but those who doubt or hesitate,
Condemned to failure, penury and woe,
Seek me in vain and uselessly implore,
I answer not and I return no more."*

And it is equally true that the road which ends in success is usually long, hard, and full of set-backs, calling for the exercise of patience and resolution.

But I would not have you think that I look upon outward success as the greatest thing. Character is more important than position. A man is poor indeed who gains wealth at the expense of his own self-respect. A man is rich, in-

deed, whatever else he lacks, if he possesses nobility of character. Better to die a pauper in purse than a pauper in soul. Better fail to get money than allow money to get you. To reach old age possessed only of money and a desire to increase it is not success in life. It is a sad and terrible failure. Let us rejoice, however, that a very different spirit is manifesting itself more and more among successful men. For the past year a million dollars a week has been given in this country to educational and philanthropic schemes, exclusive of what is contributed to the support of the church. While the altruistic spirit is thus growing among successful men, I see no cause for a pessimistic view of our commercial age.

On a dark night I once sat by a river across which an electric arc lamp shot a shaft of light. As the hurrying waters came out of the darkness, were visible for a moment, and passed on into the night, I thought of the flowing generations of humanity which come out of the unknown, cross the narrow space of life and pass on to an unrevealed eternity. As they pass they ask the same profound questions:

"Whence come we?" "What do we here?" "Whither do we go?" The same problems of life, death and destiny continue to harass the

mind and baffle the understanding of each succeeding age. There is much we cannot know. But in our perplexity we can turn to the practical question, "How can we make the most of life as we find it?" There is plenty of light on this question to illumine the path for us. It comes from the lives of all the great and good who have left their "foot-prints on the sands of time." It comes above all from Him who scarcely lifted a corner of the veil from the unknown, but who went about continually doing good; who was so busy that He often went without sleep, and had not time to eat; who never missed an opportunity to help, and whose whole life was filled with the holy purpose of self-sacrifice for mankind.

The life of a successful business man, though devoted mainly to making money, need not be sordid. He, too, may have his ideal. Let me suggest one.

* * *

To be honest, making money honestly or not at all.

To be fair, refusing to injure a competitor.

To be just, remembering that all must live.

To be kind, regarding employes as something more than an investment.

To be charitable, giving liberally for the up-raising of humanity.

To be healthy, exercising as a duty.

To be sociable, having a side to friends not known to all.

To be lovable, being more to wife and family than a means of support.

To be sympathetic, fearing littleness of soul more than littleness of fortune.

To be broad, accumulating resources higher than the material; above all, to be true to one's self, condoning nothing in self which is to be condemned in others.

SPEECHES II

THE NEW FEDERAL RESERVE BANKS

Stenographic Report of Address
Delivered Before
Detroit Association of Credit Men, Tuesday Evening
January 26, 1915

*Mr. President, and Gentlemen of the Detroit
Association of Credit Men:*



WISH to thank you very sincerely
for the honor you have done
me in asking me to come to your
great city, and in meeting me
with such a splendid body of
men as I see before me to-night.

I do not wish, however, to take that honor too
seriously, in case something happens to me
similar to that which happened to a fellow
countryman of mine.

It was related of the late Sir James Simpson,
the discoverer of chloroform, a great physician

and medical professor of Edinburgh University, that in recognition of his services to humanity, Queen Victoria made him Physician-in-Ordinary to the Queen. Sir James was very much pleased, and the next morning with great dignity and fine solemnity, he announced to his class of medical students the great honor that had been conferred upon him, that he had been made Physician-in-Ordinary to the Queen and the class promptly struck up "God Save the Queen."

Now, gentlemen, it may seem like carrying coals to Newcastle to address the Credit Men's Association on any financial subject, because whenever we begin to talk of anything financial we at once get into the realm of credit. The life blood of modern business is no longer gold; it is credit. Credit starts enterprises, moves wheels, builds railroads, wages war, makes civilization. You gentlemen deal in credit, and to you it is only the means — to most of you, at least — it is only the means by which people buy and buy, and pay by-an-by. But, gentlemen, it is a great deal more than that. It is a kind of element, closely allied to water, in which modern business lives, moves and has its being. In all business, some ninety-five per cent of transactions are performed by

credit, and in a highly developed community, such as a great city in Europe, ninety-nine per cent involves credit.

You tell me, for example, that the banks in New York have two billion of deposits and some one says, "What a lot of money!" Nothing of the sort. Bank deposits are not money. Bank deposits are on the other side of the ledger. The money in the bank is an asset. The deposits of the bank are its liabilities. Materially, they are nothing on earth but figures on a ledger — a mere memorandum of how much you stand to lose when the bank fails!

Again you tell me that the banks in this country have issued \$750,000,000 of currency, and again you say, "What a lot of money!" And again I say, "No, not quite!"

Take a bill out of your pocket and read it. It says such and such a bank promises to pay bearer five dollars, or ten dollars. That is not money. It is a promise to pay money. It is a credit instrument. Yes, it is secured by the bonds of the United States Government, but they are another form of credit, and what you call money is largely credit, either credit of the Government, or the credit of the bank backed up by the credit of the Government. Gold coin is the only unqualified money.

All the stocks and bonds, on all the stock exchanges of the world, all the great national debts that are being increased so rapidly these days, all the tremendous international balances — one way or the other — all the accounts and bills receivable or payable on all the ledgers in all the world, and a very large part of what is called “money” in the world, are only various forms and expressions of this wonderful modern thing that we call Credit. The whole world is bound together by invisible though powerful mutual ties, by this great modern system.

For example. A man came into my office a few years ago, whom I knew, looking rather pale and disturbed. He said to me, “Mr. Forgan, you probably don’t know it, but I have a bad boy. I haven’t heard from him for seven years. I didn’t know to-day whether he was alive or dead, but I have just received a letter, and he is in a little town in the middle of Africa, and he is sick.” Like the prodigal son of old, being in a far country and sick, he had thought of his father and had written for help, and the father, with trembling lips, asked me how soon we could convey the help of money to that boy. I said, “Is there a bank there?” He said, “Yes, there is a branch of an English

bank there." I said, "We will pay it to him this afternoon." And we did.

That is an illustration of the wonderful modern system of credit — of the ties that, unfortunately, are being snapped these days by the terrible European war.

You gentlemen are the physicians and surgeons of the financial world. You direct this life blood of modern business. You see that it goes in the proper channel, and that it does not go in a bad direction, and I — I am akin to you, because I am a banker, for the banks are the heart from which this great life blood flows.

Did you ever think of the meaning of the word "credit"? It comes from the Latin "credo," meaning "I believe." So every transaction of credit is based upon faith—faith in the character and integrity of another man, or another set of men; therefore the whole structure of modern credit is based upon the foundation of character, and no business can permanently endure that is founded on any other foundation.

Now, up to a few months ago, this country had what Andrew Carnegie called the "worst banking system in the world," and, after having done business in three different countries

myself, I was pretty nearly ready to agree with my fellow countryman, Andrew — in that, if not in much else. Mark you, I did not say that the banks were the worst in the world. I think the American banks are the best in the world. The American banks have the confidence of the communities which they serve, and the American banker is, almost without exception, in these various communities — big and small — one of the most respected and trusted citizens of the place. The banks are all right. It is the system, or the relation of one bank to all the others, that is wrong. Indeed, it would be more correct to say that until recently there was no system, for when financial clouds appeared in the sky, we found our twenty-five thousand banks separating into twenty-five thousand units, each one standing for and by itself, finding it almost impossible to get help, from anyone else, and equally impossible to give assistance to anyone else.

The great trouble was that without a system that related all the banks to each other, we had no means of taking care of panicky conditions, and so we had what I considered for many years — and I suppose you did — nothing short of a national disgrace, namely, that this country, blessed by God with the

greatest natural resources of any country in the world, containing, I believe, the ablest business men in the world, holding in our hands as much gold — the only real, unqualified money — as any three or four of the great commercial nations of the earth combined; I say it was nothing less than a national disgrace that every few years these good banks had to suspend cash payments.

In 1907, which is not so very long ago, all these good banks, practically, in this country, had suspended. I had just started a bank. It was only a few months old. There was not an asset in that bank that I would have sold for ninety-nine and three-quarter cents on the dollar — not then; I had not had time to get into any trouble. But do you think that made any difference? It made no difference whatever. I, with my new bank, had to suspend, just the same as all the others. It was not a question of banks; it was a question of system.

We went on many years like that. We did nothing during the panic, and we forgot it afterwards. We had about half a dozen panics within the memory of living man, always sharply cut off by our national borders.

We went on that way like the farmer, the hole in whose barn roof was never mended be-

cause when it was raining he couldn't mend it, and when it was dry again, it didn't need mending, or like the Irish servant girl who couldn't get married, because when Pat was drunk she wouldn't marry him, and when Pat was sober, he wouldn't marry her.

And so we went along. It is true that the bankers advocated reform, but while the legislatures passed hundreds and even thousands of laws against the poor railroads, they would not even mend one little law for the poor bankers, and so we went along until some five years ago, when the Republicans — then in power — appointed what was known as the National Monetary Commission. That Commission was practically told to go abroad, and find out what the other banking systems of the world had and we lacked, that enabled them to take care of panicky conditions without suspension, whereas when we have them, everything we do seems to hurry the bursting of the cloud over our heads. Well, they went abroad and they studied the situation, and they came back and consulted with the best financial minds in this country, and, after publishing fourteen volumes of books — that would take about as long as that (indicating) on your shelf — they exhausted the subject.

Now what did they tell us? They told us something like this. Suppose this country had been the only country in modern times suffering from periodical epidemics of smallpox, and a lot of doctors went abroad to find out why the other countries did not have these epidemics, and what they did to prevent them. The authorities over there said, "Why don't you adopt vaccination? If you adopt it you will have no more epidemics of smallpox."

They came back and told us there were several things we lacked that all other great countries had, and if we adopted them we would have no more suspension. Not "no more panics"—we may have little incipient panics—but no more panics *leading to general suspension*.

What were these things, briefly? First, they said, you have no elasticity in your currency. Well, I don't need to illustrate that to you gentlemen. You are all old enough to remember 1907. Those of you who were in the banking business will remember how you paid \$107 or \$108 or \$109 for a government bond, sent it on to Washington, and in due course got back a hundred dollars. There was great expansion in that! And those of you who were not in the banking business will remember the "milk

tickets" for one, two, three, four and five dollars, issued by the clearing houses all over the country, because our national currency could not be increased in volume when it was needed.

Another thing, in our system, until lately, a gold dollar never stood for more than a dollar. Wherever it was, it was only a dollar. Now in Germany, for instance, a gold dollar in the bank stood for three paper dollars, because the Reichsbank can issue as much paper dollar currency as it likes, so long as it has thirty-three and a third per cent gold reserve against it — just the same as we bankers have to keep certain reserves against our deposit liabilities.

Well, after a great deal of trouble, the Democrats passed the Federal Reserve Act. I want to give them credit for it. I am not a Democrat, but I don't forget that while the Republicans sent that great Commission abroad, they did nothing after it got home, but ignore its fourteen volumes; and all credit to the Democrats for at least putting something over!

Now, having given them that credit, I want to tell you gentlemen that most of what is good in their bill they took from the Republican Monetary Commission's Report.

They met this first requirement, elasticity of currency, by providing that the new Federal

Reserve Banks may issue all the currency they need, so long as that currency is secured by one hundred per cent commercial paper — short time paper, the best security for the purpose in the world — and so long as they have at least forty per cent gold reserve; exactly in the same way as Germany does. That forty per cent gold reserve may get down gradually to thirty-two and a half per cent, by the payment of an increasing tax. That is a detail. They have thus provided for that first necessity, that first requisite of a good banking system — an elastic volume of currency that will meet the varying needs of currency in the various portions of the country at the various seasons.

The second thing we were told we lacked was mobilization of reserves. Now what do we mean by that? Just what we mean when we talk, as we do so often nowadays, in military terms. Suppose this country had a lot of reserves of soldiers for defense, and Detroit had one hundred thousand, and Chicago had four hundred thousand, and Podunk had one thousand men in the reserves. And suppose we were attacked somewhere, and instead of these reserves mobilizing and meeting the enemy wherever he might be, Podunk commences to

get a few men for the protection of Podunk by calling them from Detroit and Chicago, and Detroit tries to get some men by calling them from Chicago. And what about Chicago? Why we would have no reserves left. It would not be a reserve unless they could coalesce.

Now that is exactly the situation we were in. Whenever we had trouble, our reserves scattered. Any trouble that is national in character, that is big enough to frighten all the banks, must happen in a center. When it does happen, that is the time the center needs more gold, more reserves; and, under our old system, that was the time when every bank in this country commenced to try to withdraw their reserves from the center.

Now what actually led to suspension was this: It was the relations between the city banks and the country banks. The country bankers were responsible for suspension, as I have often told them, and I did not say it in a blameworthy way, because if I were a country banker, or you were a country banker, under the old system, we would act just as they did.

What happened under the old law, which is now being changed by the Federal Reserve Act? We will say that the First National Bank of Peoria, has one hundred fifty thousand dol-

lars reserves required by law. Of that, three-fifths, or ninety thousand dollars might be kept with the First National Bank of Chicago, or any other national bank in a central reserve city, and two-fifths, or sixty thousand dollars, had to be kept in the First National Bank of Peoria's own safe. Now some fine morning the President of the First National Bank of Peoria, picks up his paper and he sees that something terrible has happened in Chicago — some Scotchman running a big bank there has vamoosed, or something else equally unexpected and unheard of, has happened. So down he goes in a hurry to the bank, and he says, "Mr. Cashier, how much money have we in Chicago this morning?" "Ninety thousand dollars," is the answer. "How much in the safe?" "Sixty thousand dollars."

"Well, I don't like the looks of things in Chicago this morning. I don't want to seem afraid; I don't want to discommode Chicago, but I think you had better telegraph for twenty thousand dollars."

Now, if the First National Bank of Chicago had ninety thousand in cash of the Peoria bank's lying in its safe, marked "property of the First National Bank of Peoria," it would be a very simple matter to send the twenty thou-

sand dollars, and they would have seventy thousand left; but you know very well that is not what the First National Bank has. It has a *credit on its books* to the First National Bank of Peoria of ninety thousand dollars, against which the Chicago Bank has by law to keep a reserve of just about twenty thousand dollars, so when this telegram comes in and says, "Send Peoria twenty thousand dollars," and they send it, they have parted in Chicago with all the reserve that was held against the Peoria account, and they are left with a credit to Peoria of seventy thousand dollars, against which they now have no reserve.

That which happens in Peoria, happens in Springfield, and towns all around, and so, when things happen like that, in one short week the reserves in the centers are depleted by one-half, and before they lose the other half they go on a clearing house basis, and stop payment.

The Federal Reserve Banks have met that situation by causing all the member-banks gradually — in the course of three years — to put all the reserves the law requires them to carry, (except those that are in their own safes) in the Federal Reserve Banks. Before, we were just as if a fire law of the City of De-

troit required each citizen to have one bucket of water as a protection against fire, instead of having a reservoir containing all the water, with pipes in every direction capable of carrying the force of all the water to a desired spot. Now, thanks to this Federal Reserve Act, we have got the reservoir, and we have begun to fill it.

The third thing, gentlemen, we were told we lacked, was liquidity of bank assets. In all other commercial countries the banks had short time paper which they could take to some central institution, such as the Bank of England, the Bank of France, and so on, and have it at once converted into cash. We had nothing of that sort. We, as a rule, took a security in our banking business, a note at three, or four or six months, and we put it away in a box and we never saw it again until the day it was due. Not so, the English or French or German banks. When they run short of money, they take out a bunch of what they call "prime discounts" and take it to the Central bank and get the money for it. There is always in these places a discount market, just the same as on the Board of Trade in Chicago, there is always a price at which you can sell a bushel of wheat. And when these banks

want to put up the rate of discount to get gold, it means just the same as if a man was short of wheat in Chicago, and put the price up in Chicago as against Kansas City and Minneapolis, and the wheat would pass Kansas City and Minneapolis and come to Chicago.

We never before had anything of that kind in this country, but, with these Federal Reserve Banks we have the privilege of re-discounting. We take paper at thirty or sixty days, and in some cases longer — but these are details I need not bother you with — and we have it placed to our credit in the Federal Reserve Bank, and get back cash for it.

Now, here's a point I want you to understand clearly. I have found that everybody doesn't understand this point, and I want you to get it clearly. How does it work? How do we get the money? This is how it works. Suppose that my bank for any reason whatever, general, individual, or local, needs a million dollars. Before, I didn't know where to go to get it. Now, I take a million dollars of my good commercial paper, given for commercial purposes, and I endorse it, and send it over across the street, to the Federal Reserve Bank of Chicago, and they discount it and they put the proceeds of it to my bank's credit — a million dollars, less a

little bit of discount, the bank's rake-off — another little detail we needn't talk about! Well, that goes to my credit. Then I want the money. My customers are asking me to ship currency, or they are standing in line in my office, and want the money. I want cash. So I send over a messenger with a check on the Federal Reserve Bank for half a million dollars of cash.

Now, how does it give me that cash? There is the whole point. It gives me *its own promises to pay*. It simply transfers five hundred thousand of *deposit* liability from my account to five hundred thousand *note* liability in the circulation account. It does not need to go into its vault for a single dollar of what you might call "reserve money." It gives me its own promises to pay, but that is cash, because when it does that it puts up with the Federal Reserve Agent representing the government in the bank, five hundred thousand dollars' worth of the paper that I sent over for discount, together with at least forty per cent. of gold reserve, in case these promises to pay, which I circulate as money, may begin to come in for redemption in gold.

Now, that power is unlimited. A bank with the power to issue its own notes as cash can

take care of an enormous amount of such business, so long as it has good paper for it, and a proper gold reserve against contingencies. That is what the Federal Reserve Banks are now ready to do.

We have also begun under this Act, to have a "prime discount" market, by allowing banks to accept the drafts of their customers, or accept drafts drawn on their customers for their customers. Perhaps you do not understand that, some of you, and I will explain it in just a minute. Take the business of importation or exportation of goods. We will say that a wholesale liquor dealer in Detroit imports fifty thousand dollars' worth of champagne from France. He tells the French exporter of the champagne to draw on him at ninety days, with the Bills of Lading attached, and to ship the champagne. He does so. That draft comes along drawn on the wholesale liquor dealer of this city. Now, under the new system, the wholesale liquor dealer can go to his bank and say, "Will you accept this draft for me, and let me take the Bills of Lading and get the champagne?" and if he is in good credit, the bank accepts it. That is, it loans its credit to its customer in that form — in the form of an acceptance, and the bank which holds the ac-

ceptance now holds a prime bill, which any day can be readily discounted at the Federal Reserve Bank. So we have begun to have what all other great countries have — a real discount market.

The last thing that these financial physicians told us we needed was centralization of banking power, closely allied to the national government. You don't need to know very much about banking to understand what a wonderfully tranquilizing effect a great central institution closely allied to the national government has, in troublous times. You know the old story about the negro who didn't want his money when he found it was there, but wanted it very badly when he thought it wasn't there. That is human nature! You remember when Baring Brothers failed in '90, how a shiver went through the whole world. What happened? The Bank of England announced the next day that they had taken hold of the Baring Brothers' situation. The panic disappeared. We learned afterward that the Bank of France was behind the Bank of England in that transaction. Again, when the old Comptoir had a run on it, the Bank of France announced that they would take care of the Comptoir's obligations, and the panic disappeared. The

Bank of France being closely allied to the government was practically the same thing as the government. Just lately, when war broke out, the Bank of England undertook to protect all acceptances, because the government announced that it would stand back of the Bank of England.

Panic is unreasoning fear. We could have a panic now if someone yelled "fire," perhaps, and some of us might get hurt before we got out, although there might not be any fire.

I think it is not too much to say that by the passage of the Federal Reserve Act, and the establishment of the Federal Reserve Banks, the days of general suspension are over, in this country. Had they been in operation when the war broke out we would not have had recourse to Clearing House Certificates, nor Aldrich-Vreeland Emergency currency. I do not expect to live to see general suspension again, and I am very glad of it. The future, however, of these banks depends very largely upon their administration. I have tried to show you that they have got the main principles right. These are the four great main principles I have stated, and I think we have them in this Federal Reserve Act. At present there is a little wobbling going on because they are new. We have got a

good Federal Reserve Board, but one on which there are very few bankers, and they have not just found themselves yet, so the banks are showing statements where they have not made very much money — not enough to take care of their expenses — but that is nothing. That will take care of itself in good time. We must be patient. The Federal Banks should purchase government bonds and other securities allowed by the Act, sufficient to pay expenses.

There are two ways to run this Federal Reserve Bank. If the politicians get tired of seeing that little debit there at expense account, and begin to demand that this bank be run more "for the people," and that the bank should get into the banking business and compete with us — its own members, stockholders, and depositors — why of course they might make a little money, but that would not be the way to run the bank. In the first place, it would be grossly unfair to take our money that costs us interest, give us no interest for it, and come back into the street and compete with us, with our own money, because all the money in the Federal Reserve Banks belongs to the members of the bank, except such money as the government in the future may put in. If

they did that, we would not have the bank at the time we needed it.

There was a man died once, and he left in his will enough money to build a hospital, and in the will he said that in that hospital there must always be a bed kept for emergencies. Well, after the hospital was going full blast, there was a man nearly killed, badly hurt, and they ran him up to the hospital, but it was filled, and the superintendent said, "We can't take him in." And the assistant superintendent said, "Why, we have the emergency bed. We can use that." But the superintendent said, "No, we can't use that. Don't you know that by the will of the late So-and-so, that bed has to be *kept* for emergencies?"

That is exactly the way we used to handle our reserves. We used to keep them, and when the emergency came, the law would not allow us to use them. Each one had to save up his own bucket of water, because the law demanded he should keep it full and forbade him to use it. Now we do have, in these Federal Reserve Banks, banks for emergencies, but if we get them full of loans and competing with us, when the emergency comes, they will be useless. The emergency bed will be full, and there will be no place to put the new patient.

There are several dangers that lie in the path of this new banking system, and the greatest of these is that politics may get into it. Anyone who knows the history of the First and Second banks of the United States, and knows how they were both destroyed by politics cannot help but tremble a little for the future of the Federal Reserve Banks, if politics ever gets into them. We have had a little taste of that in Chicago, already. I daresay some of you saw it in the papers — it was a tempest in a teapot. Our local senator made the discovery that out of thirty-nine clerks not a single Democrat had been appointed. What he meant was that not a single Democrat recommended by him had been appointed! These men were some of the best clerks in Chicago, selected for their ability, and nothing else. We were sorry to lose them from our banks. Well, lately, someone took the trouble to find out just what politics they had. Out of the thirty-nine, thirteen were minors, who had no vote at the election; twelve voted for Wilson; twelve for Roosevelt; and only two for Taft!

I don't want to enlarge upon that, but I would just like to say to you business men, stand for all you are worth against politics ever getting hold of this thing in any way. So far,

I am glad to say that the whole tendency of the Federal Reserve Board, and of the Boards of these Federal Reserve Banks is to resist that to the last ditch, and I hope they will always stand there.

Another danger that I see in the future is the danger of these banks disappointing the people by not doing what their promoters claimed they would do.

There are two kinds of banking. There is investment banking and commercial banking. Investment banking supplies capital to business by long-term loans, or by large issues of stocks or bonds. That is largely in the hands of private bankers, the biggest of whom are in Wall Street. The other kind of banking, commercial banking, is represented by all the ordinary national banks and state banks. These banks do not supply capital on long time loans, or place issues of stocks. They augment capital by short-time loans. Their business is not in private hands, except to a very small extent. It is in the hands of banks chartered by state or national government, and all of them are under the very closest governmental supervision.

Now for many years back, the commercial banks advocated reform of the system of com-

mercial banking, but a few years ago the politicians commenced to agitate reform of the investment bankers. I am not going to say anything against the private bankers. It will be a bad day for this country when we do not have private banking houses big enough to take care of the great issues of stocks and bonds required by our big enterprises, and the Federal Reserve Banks are forbidden to have anything to do with stocks and bonds. But here's the point. All the speeches made by the promoters of the Federal Reserve Act — from our President down — had in mind *investment* banking while they proposed the reform of *commercial* banking. The present Federal Reserve Banks do not touch the private bankers in Wall Street, against whom all the speeches of the promoters of this Act were made. It was the acts of investment bankers that gave any color at all to this talk about divorcing speculation from banking, and doing away with the issue of watered stock, and stopping the enormous improper commissions that had been earned. All that referred to the business of investment, private bankers, and they are not affected in any way by this new Bill. So we had a little confusion of thought there, and the people were led to expect from this Federal Reserve

Act a great deal that won't happen along these lines.

Another matter they were led to expect was — and this will interest you business men — that with these Federal Reserve Banks we were somehow going to make all checks pass everywhere at par. Gentlemen, I don't believe it can be done. I think they are going to be disappointed, but that doesn't mean that they are not going to modify the exchange charges. They are already taking at par bank drafts on their own members in each individual district. Now what is the result already? One Federal Reserve Bank lately reported over fifty overdrafts. Instead of fifty of their member banks having their reserve in the Federal Reserve Bank, they had an overdraft created by the Federal Reserve Bank charging to these banks checks drawn on them, and not waiting until they reached the banks on which they were drawn. Now that is a difficult problem. I think they are going to modify the exchange charges, but I do not believe it is possible to make checks everywhere — big and little — go at par.

I wish we had stuck to the original name of these banks. You say, "What's in a name?" In this case I think there is a great deal in a name.

If we had continued to call these banks Federal Reserve "Associations" it would have conveyed to the public mind a much clearer idea of what they really are. They are a pooling of the reserves of member banks, as I have already explained to you, and they should not have been called banks. That has been the foundation of a great deal of misunderstanding. Even our President has seemed to convey the idea that these banks are going to do away with the difficulties in obtaining credit. They are not going to make it one bit easier for anyone who does not deserve credit, to get it. I have never known any one who deserved credit who did not get it. I have known an awful lot to get it who did not deserve it. It would also have been better if only about ten per cent. of the subscribed capital had been called in, because the dividend to be earned would have been so much less.

Then, I think it would have been much better if our advice had been taken, and there had not been twelve — there should only have been one — with branches. If there had been one it could have handled the exchange situation much better than twelve.

If properly administered, however, I think I have said enough to show that these banks

must be of great benefit to this country. When my child is sick, gentlemen, I don't send for a shoemaker; I send for the doctor — and if you want these banks to be a success, they must be run by bankers. I have the greatest respect for all kinds of business men, but "to every man his work." Again, the very essence of banking is discrimination, and the very essence of government is no discrimination, and the government cannot run a bank. If these banks are left to be run by the very able directors elected by the members who own the stock and the deposits, they will be successful. I don't care how close the supervision is of the Federal Reserve Board in Washington, but allow the bankers to make the credits, and manage the banks. They cannot be run successfully by any one else.

I am very glad to say in conclusion that I think the pendulum has begun to swing back a little from the days of calling all great business men malefactors, and trying to make out that by some unfair means they all abstracted their wealth from the pockets of the people. I think the pendulum is beginning to swing the other way. The press and the pulpit are beginning to have a little more respect for the honorably successful business man. Gentlemen,

in these days, and with the present ideas of things, what life is there, after all, better than that of the honorably successful business man? To have endured early hardships with fortitude, and overcome difficulties by perseverance; to have founded or developed a large business, useful in itself, and giving employment to many; to have achieved position, fortune, independence and influence; to have given largely of money to charity, and of time to citizenship; to have established a character above reproach; to have accumulated the admiration, the confidence and the friendship of his fellows, and to have gained all these of the world, without losing the soul by avarice, or starving the heart by hardness! The man who has so lived has nobly lived and he should find peace and satisfaction when the shadows begin to lengthen, and the evening of life draws on.

SPEECHES III

ST. ANDREWS SOCIETY WINNIPEG ANNUAL DINNER

Toast: The day and all who honor it.

*Mr. President, Sir Rodman Roblin, Sir William
Whyte and Gentlemen:*



THANK you for this pleasant opportunity to return to your great city where in 1881 I paid \$7.00 per week for a stair-landing to sleep on, and where in 1885 I married the best girl

then in the town. I came here almost directly from my native place — old St. Andrews, Scotland, where, according to tradition, Saint Regulus brought the bones of Saint Andrew from Constantinople in the eighth century. Immediately thereafter Saint Andrew became the patron Saint of Scotland, and his festival

has been celebrated on the thirtieth of November ever since. We are not now so particular as to the exact day, nor do we celebrate the Apostle's sanctity in just the same manner. In fact we drop the old Saint, and celebrate only what he stands for — the hills and dales, the history and traditions, the poetry and the people of bonnie Scotland.

Scotland is but a little country — less than half the size of Manitoba — a mere speck on the map of the world. But the Kingdom of Scotland, which is in the hearts of her sons, extends o'er all the earth, and on St. Andrew's day, in every quarter of the globe, Scotsmen and their descendants gather, as we do here tonight, to do honor to that little land.

With narrow natural resources, a soil in large portion unproductive, and an uncertain climate, she is the stern but beautiful mother of a rugged race — a race which has wandered into every country, and held its own with all comers. No spot on earth is too far away from Scotland for Scotchmen to have reached it. Go where you will, you will find them generally doing well for themselves, and seldom doing any one else. I knew of one called Brander, who found his way to Tahiti, there married the Queen, and in due time sent home his half-

breed Princes to be educated at St. Andrews. There are a dozen noble families in Sweden; there are millions of Yankees and Canadians in America; there are apparent Indians in your Northwest jibbering Sioux; there are seeming Frenchmen in Quebec, jabbering French, and lately a freckle-faced, red-headed tribe of Esquimos is said to have been discovered near the North Pole—but all of them answer to Scotch names. The Scot is certainly a good mixer! Perhaps it was this quality of getting on with any people anywhere that led him to see the vision of the Brotherhood of the race set forth by the national voice of Burns:

*“Then let us pray that come it may,
(As come it will for a’ that,)
That Sense and Worth o’er a’ the earth,
Shall bear the gree and a’ that.
For a’ that and a’ that.
It’s coming yet for a’ that,
That man to man the world o’er
Shall brithers be for a’ that.”*

But to those of us who were born there, Scotland holds a special interest. To us it is, and always will be, home. And beneath our hilarity our hearts are tender as we think of

our parents, perchance still alive in the old land, or more likely, sleeping peacefully in her bosom.

To us, Scotland is largely a memory. We sit down by the open fire, with no other light in the room, and half dozing, our minds wander back over the winding pathway of the past, until there finally comes into view a little Scotch laddie, trudging "with shining face" and well-patched breeks to school — a laddie who bears a misty but unmistakable likeness to ourselves. We hear again the swish of his lash as he whups up his top, or the slap of the teacher's tawse on his poor tingling hands — and in one or two cases of cruel injustice — we wish we had that teacher now! We accompany the laddie's family to the village kirk on the Sabbath, and, sitting on hard benches, we hear them sing with full hearts — "Praise God from whom all blessings flow," and we are almost startled out of our reverie by the sharp contrast to our present custom of lolling back on cushioned seats while a well-paid quartette choir sings to us "Art Thou Weary, art thou Languid?" We see the laddie again playing "catty and doggie" or leap frog; fishing or gud-dlin' for trout in the burn, or kicking up his bare heels in the glad Springtime.

Perhaps we can recall his delight as his strong father throws him heels o'er head on to his shoulders, and perhaps the tear dims our eye as we hear again his mother calling him to her knee to say his prayers, or as we again feel her tenderly tucking him in bed for the night, and we sigh for "the touch of a vanished hand, and the sound of a voice that is still."

Or, perhaps we are fortunate enough to have a nearer view by reason of a recent visit to the loved scenes of our childhood. I myself spent a few all-too-short weeks there a year ago. I saw again matchless Princess Street, Edinburgh, and I am sorry to say, equally matchless High Street. I visited Lady Stairs Close, and saw the winding stone steps up which Robbie Burns made his way — doubtless sometimes with considerable difficulty — to his lodgings.

I saw beautiful Abbotsford which Sir Walter Scott gained — and lost — and re-gained by sitting down at the age of fifty-five with nothing but his pen to write off a debt of half a million dollars for which he was legally, although scarcely morally, liable. In these days of easy compromise, to his everlasting honor be it said that his heroic work wiped out the debt although he himself broke down in the effort, and did not live to see his aim accomplished.

I stood in grand old St. Giles Cathedral and, not without emotion, as I thought of his poor body buried in far-off Samoa, I read Robert Louis Stevenson's own beautiful lines on the tablet erected to his memory:—

*“Under the wide and starry sky
Dig the grave and let me lie,
Glad did I live, and gladly die,
And I lay me down with a will.*

*This be the verse you grave for me;
Here he lies where he longed to be;
Home is the sailor, home from the sea,
And the hunter home from the hill!”*

But, as the Irishman said, everybody loves his native land, whether he was born there or not. Many of us are sons of the old land, while many more are doubtless only grandsons. It is remarkable how even stepsons, so to speak, love to claim and proclaim their relationship to Scotland.

On an occasion like this we are always twitted sarcastically on our modesty—but surely we Scotchmen may be allowed one night each year in which to imbibe a little hot Scotch and then give vent to a little hot air! And we do ad-

mire modesty — in its proper place. “Aye keep your ‘ee on the ground,” said a Scotchman to his daughter departing for the great city — “It looks modest-like, and ye micht find a sixpence.”

I shall no doubt be accused of boasting if I recount the fact that four out of the last five Prime Ministers of the Empire (before the present one) were Scotchmen, — although by population we should have only about one in ten; or that both the Archbishops of the Church of England are Scotchmen notwithstanding the days of the Covenanters — or that the Bank of England was founded and has generally been managed by Scotchmen. Time would fail me to enumerate the great positions in the Empire, and in the world, filled by our countrymen. You know the story of the Scotchman who claimed even Shakespeare as a Scotchman, and when challenged to prove it, replied, — “I canna’ just prove it, but we may reasonably infer it from his stupendous abeelity.”

The chief traits of Scottish character are well known and easily recognized. The Scot is a dour chiel. You cannot drive him. Neither Rome nor England could ever subdue him. He stuck to his independence and to his religion to the death. But he helped to bring about the

religious liberty which the English speaking race now enjoys. He is canny and holds on to his money. He and the Jew are the subject of unnumbered jokes on that score. Did you ever hear the story of the Jew cab-driver who had a Scotchman for a fare, and the Scotchman paid him a quarter too much, and the Jew declined to take it? No? No! and you never will hear that story!

I hear that lately, at a church fair there was a machine bearing the sign "Put in a penny and if you push hard enough, you will get back a nickel." The next day when they went to clear away the debris of the fair, they found at the foot of that machine a Scotchman — lying dead.

Yes! these stories are all very funny. Joke as you will about Scotch frugality, but let me say that the oldest charitable society in Illinois is the St. Andrew Society, and seeing that this is your forty-first annual meeting, I judge yours must be the first charitable society to have been established here, and that the oldest charitable organization on this Continent is the Scotch Charitable Society of Boston. The truth is, the Scot has always valued money chiefly as a means to an end, — to get an education, or as Burns has it —

*"Not for to hide it in a hedge,
Or for a train attendant,
But for the glorious privilege
Of being independent."*

And he is ready to subscribe to Kingsley when he says —

*"I wadna' gie an auld bawbee
For ony man — wha' ere he be
That didna' hold
The sweetness o' his mither's name,
The justice o' his brither's claim,
The honor o' a woman's fame
Far maer than gold."*

Some people who do not know him are fond of saying that the Scotchman cannot see a joke. It was Samuel Johnson who said that it required a surgical operation to get a joke into a Scotchman's head, but the reply of the Scot was both pawky and sufficient — "Dr. Johnson," he said, "being an Englishman, no doubt referred to English jokes."

Max O'Rell, the witty Frenchman testifies that the most responsive audience he ever addressed was in a Scottish village. It is true that his humor is sometimes of a rather funereal

type, as for example, when the Scotch lover finally managed to propose to his sweetheart by taking her to the grave-yard, and after carefully pointing out the resting places of his family asked "Wad ye like to lie there, Jean?"

Again, I think it is remarkable that whatever emanates from Scotland has a distinctive character of its own. Scotch theology, for example, is a hard-headed, practical and logical system of belief. Granted the premises and the conclusions are as sure as mathematics. It is only fair to say, however, that theology is becoming more liberal in Scotland, as it is elsewhere, and harsh orthodoxy is being confined to the smaller communities. This fact is well illustrated by a story. The minister of a summer resort — a liberal — found his church well filled during the Summer months by the visitors from the cities, but in Winter, the attendance was very slim. "Tell me, John," he said to the beadle, "why don't my own people come out to hear me." "Weel, Sir," answered John, "ye see, to Scotch folk there's nae comfort in a releegion without a hell."

Another religious tendency is illustrated by the story of the minister who was visiting a sick man when the doctor announced that he had but a few minutes to live. "Mr. Macdon-

ald," said the minister, "what can I do for you in these last moments, shall I pray?" "Na, na," said Macdonald. "Then shall I read to you from the Word?" "Na," said Macdonald again. "Dear me," said the minister in distress, "is there nothing I can do for you?" "Ou, aye," replied Macdonald, "ye can argie wi me."

Again, Scotch whiskey is quite as distinctive as Scotch theology. It is also quite as logical. You swallow the premises and the results are certain! And their games—golf and curling—are they not as distinctive, as simple and profound as all else about this peculiar people?

I need not point out the distinctive qualities of Scotch music. I do not refer to the Bagpipes, which is distinctive enough, but rather to the fact that there is a lilt and a rhythm to a Scotch tune which is as recognizably Scotch as the burr on my tongue. And I think no songs ever written come so close to the life and the heart of the common people as do the Scotch songs.

*"Ca' the yowes to the knowes,
Ca' them whar the heather growes,
Ca' them whar the burnie rowes,
My bonnie dearie."*

And even among the passionate love songs of Southern peoples you will search far before you will find an equal to Annie Laurie —

*“Her brow is like the snow-drift,
Her neck is like the swan,
Her face it is the fairest,
That e’er the sun shone on.*

*Like dew on gowan lying,
Is the fa’ o’ her fairy feet;
And like winds in Summer sighing,
Her voice is low and sweet.”*

Even in their qualities as fighting men, I believe there is a distinctive character. There are no more brilliant soldiers than the French, provided they are winning, and there are no more dogged fighters than the Scotch when they are losing. In their almost innumerable fights with the English, by reason of inferior numbers and equipment they usually got the worst of it. But they never stayed licked, and Scotland was never subdued. Neither are they incapable of the headlong dash. Indeed, their impatience to get to close quarters with the enemy sometimes cost them dear. But not always. It sometimes carried the day. At Water-

loo, when the British had withstood the brunt of the French onslaughts all day, Wellington finally ordered the Highland Brigade, and the Scots Greys to charge. It is recorded that many of the Highlanders on foot ran in between the grey horses, and catching hold of the stirrup straps of the riders, they charged Napoleon's hitherto invincible heavy cavalry and swept it from the field; and as they thus sped with eager feet to meet the foe, a mighty shout rose above the roar of battle — "Scotland forever."


And so, gentlemen, let us honor the day and all that it stands for. Let us continue to boast, at least once a year, that the blood of one of earth's strongest races runs in our veins. And whatever be our present allegiance, I am sure we will be all the more loyal citizens if we continue to love the land from which we sprang — the land of mountain and loch — of barren moor and purple heather, — the land of tender memories and leal hearts, the land of poetry and romance, of stirring story and legendary lore; the land of struggle and hardship, of overcoming and achievement, the land of ever-widening influence and everlasting glory!

SPEECHES IV

GOLF AND BANKING

An address delivered at
the Detroit Bankers Club Dinner, January, 1917.

Mr. Chairman and Gentlemen:

T WAS much easier to accept your kind invitation to dine with you and speak to you to-night than to select a subject suitable for the occasion. Upon consideration, however, I decided that instead of attempting to make a speech on a subject I knew little of, I would confine myself to the two things I knew most about even at the risk of treating of trite subjects. Having been addicted to golf for fifty and to banking for forty years, it is at least time I knew something of both, although I am not so sure of my knowledge of either as I once was — only the young think they know it all! There must be some subtle connection between

these two pastimes for when golf, like myself, emigrated from Scotland to find a larger sphere in the New World, bankers took to it like ducks (or Wall Street magnates) to water. They soon discovered that as gold is the reserve strength of the bank, so golf is the reserve strength of the banker, — a store of health to be drawn upon whenever the working balance is impaired. Golf and banking are each to the other a means to an end. We do banking to earn the money and the right to play golf — we play golf to strengthen the body and clarify the mind for banking. I have a theory that a banker is worth a larger salary if he plays golf, because physical health is a great foundation for mental alertness and hard work. Every bank, however, should maintain at least one old-fashioned, serious-minded officer who will stay around until the cash is safely locked away, while the up-to-date officers hurry off as soon after closing hours as the next train for the golf club demands! Every banker who plays golf must have been struck by the analogy between the Royal and Ancient Game and the honorable profession to which he belongs. In the first place, both are characterized by an apparent simplicity covering a complexity of requirements, and offering opportunities for study

that last through life. What could be more superficially simple than the game of golf? It is merely to knock a little ball into a little hole with as few strokes of the club as possible. One would suppose that all that could happen would happen during the first few weeks that such a game was played. Nevertheless, they have been interpreting the rules to meet unusual occurrences for five hundred years, and yet every year there are submitted to the Supreme Court of Golf, at St. Andrews, questions covering new problems which the appellate court of this country (The U. S. G. A.) cannot agree upon. To the mere on-looker the game seems so simple that it appears too silly for grown-up people to devote their time to. But the cure for such a view is also simple,—just let him try it! A trial will disclose the fact that the game calls for numerous physical, mental and moral qualities. The stance, the grip, the swing, the follow-through, the direction, the pull, the slice, the judgment of distance, the tempering of force, the pitch that falls dead, the pitch that runs up, the wrist shot, the stiff-arm shot, the half shot, the full shot — the control of the ball, the nerves, the temper and the heart, — all these are subjects calling for close study and long practice on the

part of any one who hopes to master this simple-looking game. A library might be filled with the volumes that have been written on golf, but no one feels that the last word has been said, or the last lesson learned.

In the same way, banking seems so simple to the uninitiated that a bank is considered a good place to put a boy that is not much use for anything else. And it must be admitted that if the boy is merely going to learn to keep a ledger no great mental qualifications will be necessary. If, however, the boy is to be a successful banker he ought to begin learning the business by being a messenger—a very instructive department—and continue to learn something about it by the experience of every day of his life. Successful banking includes a knowledge of accounts; of exchange, domestic and foreign; of handling collections; of stocks, bonds and securities; of bills of lading and warehouse receipts; of commercial law and practice; of clear correspondence and of good manners. But expert knowledge of these technical subjects will not make a banker. The peculiar qualifications of a competent banker can only be acquired by experience, and some of them only by sorrowful experience. The highest function of a banker is to understand and dispense

credit, and knowledge of human nature lies at the foundation of its successful operation.

To judge your applicant for a loan from the way he puts it up to you requires a sixth sense, developed only by experience. Terms of credit are so constantly stated in terms of money that few people clearly distinguish between the two. But in these days of gigantic war operations the distinction should be plain to every one. All the money in England would not carry on her war operations for a month. But her credit has carried them on for nearly three years, and will carry them on for years to come, if need be. Credit is the life-blood of all modern business, and the banks are the hearts from which it pulsates. To guide it into proper channels, to keep it fluent and unpolluted so that it may carry health to the minutest intricacies of the complicated business by which mankind lives — that is the task of the banker. In short, he is a creator and dealer in credit.

Did you ever consider what a new bank might do the first day of its existence? Let us suppose that the bank starts with a paid in capital of \$100,000. And let us further suppose that it has arranged to accept the accounts of forty customers, granting to each of them a line of credit of \$10,000, and that all of

these customers come in the first day that the bank is open and give their notes for \$10,000 each to be placed to their credit. For the sake of illustration we will suppose that the bank transacts no other business that first day.

At the close of the day's work the new bank will have the following balance sheet:

ASSETS

Loans and Bills Receivable . . .	\$400,000.00
Cash on hand.	100,000.00
	<hr/>
Total	\$500,000.00

LIABILITIES

Capital paid in	\$100,000.00
Deposits	400,000.00
	<hr/>
Total	\$500,000.00

It will thus have cash reserves of 25 per cent — a good condition — and it will have created \$400,000 in loans and \$400,000 in deposits without using a dollar of its capital. Its loans will be pieces of printed paper with signatures on them, and its deposits will be just what deposits always are — figures on a ledger. It will also have earned certain profits in a dis-

count account — figures on a ledger — so small, however, that I omitted them from the balance sheet as of no consequence! Indeed, after long experience, I wonder sometimes if, after all, as a banker, I have done anything but monkey with figures on a ledger! And this reminds me of some old gentlemen's scores at golf which are sometimes merely figures on a card!

Wide business intelligence is also required to understand the variety of enterprises demanding credit for all kinds of purposes. A lumberman is concerned with lumber, an elevator man with grain, a steel manufacturer with steel, and so on *ad infinitum*, — but a banker is concerned with every line of business effort. He is also expected to be an authority on the business outlook; to see into the future, to tell what will happen after the war, and to have a sagacious opinion ready for the newspapers on the high cost of living, or railroad regulation, or the President's latest note. Of course he ought also to be able to make a speech suitable to any occasion! A business of such varied interests may well be dignified by the name of a profession, and offers a field wide enough to be a worthy life-work for any man.

In the second place steadiness is more desirable than brilliancy in both games. In golf

we are all familiar with the man who plays better than he knows how for a few holes, and the moment something unforeseen happens to him, he goes all to pieces. We also know the terrific driver who would be fine if he could keep on the course. Against such players the less brilliant but more steady golfer, who may not drive a mile, but who is always on the course, will win three times out of four.

In the same way, commend me to the conservative, steady banker as compared to the Napoleon of finance. Every little while in banking we see a Napoleon acquire a very quick reputation, make a big splurge for a while, and then meet his Waterloo! A banker does not need to be a genius! What he needs more than anything else is common sense, shrewd deliberation, combined with courage to go ahead after he has carefully investigated the road on which he is asked to travel.

One of my earliest experiences in banking was to look up to the Manager of a bank in Winnipeg at the time of the great boom, who used to have a line of people waiting to see him and who turned them off, granting or refusing their requests for loans, at the rate of about one every two minutes. Every one in Winnipeg, including myself, considered him a finan-

cial genius of the first order, but he lasted only a short time, and was succeeded by a solid, slow-going, shrewd man who had to clean up the mess made by his brilliant predecessor, and it was a very bad mess. Such cases are common, and I merely wish to point out that it is much happier to be the second man than the first.

A third point is that a good golf course is equipped with hazards for the purpose of lending interest to the game, and rendering it not too easy for the player.

For many years I thought that Divine Providence had given us a bad banking system so as to keep this country from becoming too prosperous and experiencing all of the moral evils which attend too much prosperity. So we had panics with general suspension on the part of the Banks, and all the set-back to business which accompanied it. The days of suspension are over, I believe, but the banker still has bunkers in his course. With money rates ruling at a less figure than the money costs, a continual increase in expenses and taxes, and a spirit of antagonistic control in Washington, there is little danger of the banker's course being made too easy for him for some time to come.

The Federal Reserve Banks have established the great principle of concentrated reserves as

a basis for an elastic currency and credit system and I, for one, am thankful for it. They have, however, singularly failed as yet to commend themselves to the country banker, or to the great body of State Banks, and until they do, they cannot be considered a national success. The chief reason for this, I believe, is the attitude on the part of what—not to be too definite—I shall call *Washington*. This attitude is shown in a purpose to nag the banks about unimportant details, to minimize banking profits, and to apply the kind of control that nearly ruined the credit of the railroads, resulting in the lack of equipment and efficiency from which they, and the country, suffer today. As the people in Washington are there only temporarily, however, I am in hopes that this phase may pass, and I am sure that the Federal Reserve System, wisely administered, will prove a great national blessing, and a very present help in time of trouble.

To return to our analogy. Both in golf and banking there are the dangers of *water hazards* and *bad lies*. Water hazards are the traps set to catch investment and promotion bankers, and through them, the public. The letting in and squeezing out of “water” in Wall Street Securities forms quite a part of our financial history

but, after all, it is only incidental to Banking — one of the abuses which it is almost impossible to control, and for which Banking is not alone responsible.

Bad lies, on the other hand, are the cause of most of our commercial banking losses. I suppose this is to be expected so long as we base our credits chiefly on the borrowers' own statements of their assets and liabilities.

I know that a statement to induce the bank to grant credit, and a statement a little later to induce the creditors to accept a composition settlement must be different because the point of view is changed; but how seldom we have a failure where the debtor has at least told the truth! Experienced bankers know an unsound financial statement when they see one, and if borrowers who begin to go behind would tell the truth, not only the bankers would be spared losses, but the borrowers would frequently be saved by timely advice and help. False statements are a crying evil, and if they could be eliminated it would be the greatest benefit to our business.

Two things may be done: First, we should encourage the business of Chartered Public Accountants more and more. If borrowers' paper is to be bought on the street with prac-

tically no profit, surely the least they can do is to furnish the buyer, through the broker, with a certified accountant's statement. An insurance company will loan its money only after weeks of thorough investigation — and then only on property worth at least twice the amount of the loan. But a banker frequently loans money without security after a moment's conversation over the telephone, on paper made by people he never saw, basing his action chiefly on a few figures furnished by the borrower himself.

Second, we should work for legislation by the various States which would make it easier to punish the obtaining of credit by means of false statements.

Before leaving this subject, however, let me say that the constant wonder to me is not that we lose so much money, but that we lose so little considering our liberal way of doing business, and the keen competition that exists in banking. The losses of a competently managed bank do not exceed one-quarter of one percent of the total loans,— a fact that indicates, as I believe, that the great body of average American business men are honest and reliable.

Once more, the most important of all golf precepts is "keep your eye on the ball and fol-

low through." In other words, concentrate on the object in view, and follow that object to the last ounce of effort. Play your own game. Do not worry about the other competitors in the running. If they play better golf, and beat your score, well and good — but see that your score is creditable to yourself. In this way you will get honorable mention, even if the prize goes to some one else. Perhaps in no other business is there keener competition than in banking in this country. Our system, forbidding for the most part the opening of branches, has resulted in a great number of individual, competing banks, and the strange thing is that the general public judges the success of a bank by the size of its liabilities,— that is, its deposits. Even one's own directors, when they compliment one (or the reverse) on the showing made for the "call" just published, seldom go deeper than the increase or decrease in the deposits. This is natural. The size of the figures is the first indication of success. But we all know that real success is only to be found in the Profit and Loss Account. Nevertheless, we are all open to the temptation of the superficial showing made by deposits,— and we are all inclined to think sometimes that our competitors are not so anxious to make profits as they

are to please their customers,— especially those who have one account with them and another with us. Here is where we may learn something from the successful golfer. Let us play our own game. Let us determine that our object is to build up a clean bank, profitable to the shareholders, and having “teed” that ball, let us keep our eye on it and follow through. Others may beat us in the race, but if we follow that course the outcome cannot fail to be creditable to us.

Among the blessings with which golf has enriched our American life there is none greater than the stimulus it has been to the growth of Friendship. Before the advent of golf it was a standing criticism of our busy life that there was little room in it for Friendship, and that such as there was was prompted by business or selfish consideration, which, of course, was no friendship at all. Whatever foundation there was for such criticism, it is certain that friendship born of a common interest in the grand old game, and cemented by the opportunities for mutual understanding and esteem which it affords, is now a prominent characteristic of American business and professional life. Is there anything nearer happiness in this world than four congenial golf affinities — I am not

referring to that abomination, the "mixed foursome"—but to four male friends playing a keen game on a good course on a day in June? But what of our analogy? Can the same beneficent influence be claimed for banking? Most assuredly it can! I am aware that loans based on friendship *alone* are usually poor loans and that a banker who cannot refuse an improper loan to a personal friend is a weak character. But that is no reason why a banker may not have a good customer and a good friend in one person. Indeed the proper relation between the two should always be of a truly friendly nature, — frank, confidential, intimate, and mutually trusting. And it is a pleasant part of modern banking as well as of other lines of business that associations and clubs such as this have largely done away with the narrow rivalries and jealousies that formerly existed between competitors, and that they too find it possible to be friends.

Still another point in our little analogy is that in golf, so in banking, as well as in life generally, a man's greatest danger of non-success lies within himself. He will avoid most of the hazards, or get out of them without greatly affecting the score if he plays a straight steady game. Luck has some place both in golf

and in banking,— but it in a minor place. I have known many banks to make serious losses by reason of the misrepresentation of others, but I have never known a bank to fail except by reason of the banker's own wrong-doing. In every case that has come under my observation the bank would not have failed if the officers had kept their own private interests separate from the bank's loans. The danger line in banking is crossed when the banker and the borrower get into one skin. It takes two to make a game of golf — a lone player has no rights—and it takes at least two—a borrower and a lender—to make a proper bank loan.

I have always advocated a law forbidding a bank officer, under heavy penalties, from being directly or indirectly interested in any of the loans of his bank. Such a law, rigorously enforced, would in time silence the cry for greater security to the depositors, and probably save us from unsound or vicious legislation with that object in view.

Finally, golf is a game of honor. Of course all games are, or should be, games of honor; but in golf you trust your opponent out of your sight and do not watch him. If you should ever discover that he cheated, you would have no further use for him in any relation of life.

In like manner, while all kinds of business should be conducted in an honorable way, there are special obligations in that respect imposed upon the banking business. As already stated, it is the heart of the great modern credit system. If the heart is sound, and the circulation good, general health is almost assured. Certainly there is nothing so bad for general business as bad banking. It breeds careless credits, and slipshod methods in any community, and it is not too much to say that the soundness of any modern civilization is largely dependent upon the honor and integrity of its bankers. They are the trustees to whom the poor entrust their savings that they may be loaned to the rich. The standard of integrity for such a business cannot be placed too high. A banker's honesty must not be a matter of question. Nothing tricky, underhanded, or crooked on his part should be condoned. Unless he is naturally straightforward, he should not be in the banking business. In banking, as in golf, have no dealings with the men you cannot fully trust. For me, at least, there is no game better than golf, and no business higher than banking. Golf is a science,—the study of a lifetime, in which you may exhaust yourself but never your subject. It is a contest, a duel or a melee,

calling for courage, skill, strategy and self-control. It is a test of temper, a trial of honor, a revealer of character. It affords the chance to play the man, and act the gentleman. It means going out into God's out-of-doors,— getting close to nature, fresh air, exercise, a sweeping away of the mental cobwebs, genuine re-creation of the tired tissues. It is a cure for care — an antidote to worry. It includes companionship with friends, social intercourse, opportunity for courtesy, kindness and generosity to an opponent. It promotes not only physical health but moral force.

Banking as a profession is second to none in importance and power within commercial lines. It appeals to the ambition of great minds. There is scarcely any limit to its possibilities. Many of the most colossal fortunes in the world have been honorably made in its pursuit. Its credit system binds the whole world together by invisible cords of mutual interest and confidence, and is a prime promotor of peace. Alas these ties have been sadly broken of late! In its humbler manifestations it encourages industry and thrift, opposes lawlessness and makes for good citizenship.

And so, busy brother bankers, our lives, if not set to the very highest tasks, may at least

be useful to our fellow men and honoring to ourselves!

The life of a successful banker, though mainly devoted to lending money and getting it back again — naturally a hardening process — need not be a sordid one. He, too, may have his ideal which, however unattainable, is the mark at which he aims, and to which he aspires.

An ideal may be constructed by assembling the good qualities and eliminating the faults of many men. Applying this formula our ideal banker would be something like this: — A man of good presence,— not so young as to be “smart” nor so old as to be stale — a man with plenty of successful experience behind him, but one who is still forward-looking. His face has the lines of firmness and decision, but is saved from hardness by kindly eyes and a pleasant smile. His manner is courteous, and indicates rather an inclination to grant a request than to refuse one. Even when he says “No” he recognizes that special courtesy is required to make it inoffensive. Any one can say “Yes” courteously! He promises rather less than he performs,— never more. His word may be hard to obtain, but once given it is never broken. He enjoys the absolute confidence of his directors from whom he has no secrets. He

is the financial doctor and father-confessor of his customers who consult him instinctively. His employes look up to him with respect, touched by affection. He stands in his community for progress and integrity in business, civic, and social affairs. He is devoted to business, but not enslaved by money. He is captain of his own soul, and keeps it above business — free from sordidness and meanness. He knows that a man's life consisteth not in the abundance of the things which he possesseth, and he cares for the more excellent things of the spirit.

*“The grace of friendship, mind and heart
Linked with their fellow heart and mind,
The gains of science, gifts of art,
The sense of oneness with our kind.
A thirst to know and understand —
A large and liberal discontent.
These are the gifts in life's rich hand,
The things that are more excellent.”*

Lastly, our ideal banker plays golf — two or three times a week at his prime. As the years pass he does less business and plays more golf; and old age — robbed of its terrors by the grand old game — finds him looking back contentedly on a well-spent life. And when the


hour of "sunset and evening star" draws on, and the shadows begin to lengthen about him, he can look forward with the quiet courage that has characterized his whole life, and say with the aged Whittier —

*"I know not where His islands lift
Their fronded palms in air;
I only know I cannot drift
Beyond His love and care.
And so beside the silent sea
I wait the muffled oar
I know no harm can come to me,
From Him on land or shore."*

SPEECHES V

INTRODUCTION TO GENERAL DAWES

Following some other remarks;
Country Club, Evanston, 1919

UT I did not come here to make a speech. My very pleasant duty is only to present to you the three men who are to address you.

First: There is Charles G. Dawes, engineer, lawyer, banker, gas-magnate, philanthropist and public-spirited citizen. He is one of the foremost men in the great city of Chicago, and has a national reputation as a financier and business man — having served his country as Comptroller of the Currency, made a huge success in private business, built up from its inception one of our great Banks, given largely of his time and money to philan-

thropy, and been a leader in many political movements, both civic and national.

Then, second, there is Brig. Gen'l. Dawes, — the man, who, when his country needed him, dropped all of his manifold personal interests and offered his services for the Great War. In that war we discovered that there are some jobs that require military training, and some that require business training. To know how to handle men on the field of battle is one thing — and a supremely important thing. To know how to supply these men with food, clothing, ammunition and all the numerous requirements of the modern soldier is another thing. To do that requires some one who will cut through red tape, make decisions, take responsibility and get things done. And, therefore, it was not long before General Dawes was found to be the right man to fill the place of Commander of the S. O. S.— the Service of Supply. The universal verdict is that he handled that great task with consummate skill and ability, and that the American Army was always well fed and well supplied. And so he did his great bit in the colossal struggle, covered his name with international distinction, and earned the honors of which we are all so proud and he is so modest.

And, *Third*, there is Charlie Dawes — our friend and neighbor — musical, jolly, generous Charlie Dawes, who has done so many kind things, who has helped so many young men on, who has raised and reformed so many after mistakes and failures, whose heart and purse are ever open to distress or want. I don't know what the "G" in his name stands for, but I have often thought it stands for Bunyan's character of "Great Heart." For this man has never been narrowed or hardened by avarice, and has always found time to do good. Even at the height of his hard work, and under the strain of his great responsibilities in Paris, he found opportunity and time to do the kindest things, as I, who had a daughter there in deep distress, can testify.


These three men — all in one skin — make a personality and a character for whom no job within the gift of this nation is too big — and it is now my great pleasure and honor to present him to you as the Guest of Honor and Speaker of the evening,

MR. DAWES.

SPEECHES VI

THE DUTY OF THE BANKER AND THE BUSINESS MAN IN WAR FINANCE

A Speech Delivered to the Convention
of the Chamber of Commerce of the United States,
Chicago, June 1, 1918

VERY nation has three lines of defense. They may be called Wisdom, Might and Money! When Wisdom has failed, through diplomatic means, to settle a difficulty with another country the relations with that country are broken off, and recourse is had to the second line of defense — Might, the Might of the manhood of the nation. This resource of the nation, however willing or patriotic, cannot make a single move without the support of the

third line—Money. To wage war on a modern scale, enormous sums of money must be raised by any first-class nation engaged in conflict.

War is a great test of character. This nation is being tested now. We failed in our Wisdom. Our diplomacy which was exercised for the purpose of keeping us out of the Great World War failed of its object. It failed because of the unscrupulous character of the enemy. But we have not failed in our second line of defense. Already we have an army in France, and 1,500,000 of our bravest and best, earnestly training for what lies before them and anxious to be there. We have not failed in our manhood.

The question now is, are we going to fail in our third line of defense—Money? We have not failed so far. The largest single loan ever put out by this nation before the present war was \$198,000,000 for the Spanish-American War. And now we have successfully put through three Liberty Loans—the first of \$2,000,000,000 and the second of \$3,800,000,000, while a third loan of \$3,000,000,000 has just been oversubscribed by \$1,166,000,000.

EARLY ESTIMATES AS TO WAR'S DURATION

When this war was started financiers were generally of the opinion that it could not be

waged on the modern scale for more than six months, or possibly a year. But here we are, in the fourth year of the war, and there seems to be no sign of it coming to an end from financial exhaustion. The question naturally arises — Where does all of the money come from to be loaned in such enormous sums to the various governments engaged in the war? An answer to this question puzzles many minds. The answer, however, is simple enough. The money does not come from anywhere. It is not a money transaction. It is a credit transaction. Unfortunately the terms of credit are stated and measured by terms of money. We bankers constantly speak of loaning money to our customers, whereas we really loan them the bank's credit. For example: When a customer's note for \$1,000 is discounted by a bank, and the proceeds placed to the customer's credit, that bank's loans and that bank's deposits are immediately increased by \$1,000, but there is not a dollar more or less money in the bank than before the customer offered his note. The bank, without the use of any money whatever, has created a credit of \$1,000, which serves the purpose of money to the borrower. What the bank's customer does on a small scale, the Government is doing on an enormous scale.

The bank customer's note is only a scrap of paper, but it represents the property, the character and the honor of the maker. A Government Bond costs only the engraver's bill to produce, but it stands for all the taxable property, the character and the honor of the American people. But there will be neither more nor less money in the country after the present Government loan has been floated than there is today.

MODERN CREDIT SYSTEM

The Modern Credit System deals in a kind of element closely akin to water. This is why we talk of liquid assets or the floating of a loan. The modern credit system may, therefore, be likened to a sea on which there are already afloat many credit craft. All national debts, all international trade balances, all the stocks and bonds dealt in on all the stock exchanges of the world, all bank loans, all bank deposits, all paper money, all bills and accounts receivable or payable — all of these may be said to be vessels already afloat on this sea of credit. The question, therefore, is not, where does the money come from, but is there still room in this sea of credit for another vessel of tremendous proportions? If there is, it may be safely floated.

Now the Credit System is in the hands of the bankers — public and private. Just as production is in the hands of the farmer, the miner and the manufacturer — just as transportation is in the hands of the railroad man, so credit is in the control of the banker. In war time this is a heavy responsibility. As a whole, bankers — chartered and private — have so far stood the test splendidly. And whereas the farmer and manufacturer are being allowed at least double their normal profits for anything they do for the Government, the bankers have given their time, their organizations and their best efforts to providing the Government with credit, not only without any remuneration, but at considerable expense and loss. While this is unfair, and quite at variance with the practice of our Allies, it is all the more honor to American bankers.

ALL ENERGIES DEVOTED TO COUNTRY

But with or without remuneration it is the duty of all banks and bankers to devote their resources, and bend their energies to the utmost in floating these enormous Government loans. And this must be done without undue restriction of credit to their ordinary customers so that general business may be active and

profitable as a basis for the sound financial conditions which must prevail if the war is to be won. What is needed is the most extensive co-operation between the public and the banks. The banks cannot do it alone. The public, aided by the banks, must take the greater part of the bonds. If they do not, the banks will be compelled to take them. But should that happen, commercial credit would have to be so curtailed that the public would suffer greater inconvenience and much greater loss than if they took the bonds in co-operation with the banks. The undertaking is a mutual one. To the extent that the banker induces his customer to buy the bonds, the banks will be relieved from taking them, and to the same extent they will be able to continue commercial credits to their borrowing customers.

In accomplishing these great tasks which lie before them, banks will be forced to great expansion — inflation, if you like — of credit. With costs doubled, business cannot be maintained and the Government supplied with additional billions without great expansion of credit. In a word, the war will be lost, and all will be lost, unless we find the means for tremendous expansion and are willing to use them. These means, thank God (I say it reverently)

are ready at hand. The Federal Reserve System, adopted since the war broke out, provides ample means. Can any banker imagine where we would now be without the Federal Reserve Banks? Can any one imagine floating a five or six billion Liberty Loan on a suspended banking system? Then let us not only thank God for the means — but let us not be afraid to use them. One of the hardest-dying prejudices among bankers is that against showing rediscounts or bills payable. It is dying in the centers, but still very much alive in the country towns. It must be overcome if the country banker is to do his full share in support of the Government. Instead of a subject for criticism it should be a badge of honor to show rediscounts, or bills payable in connection with the floating of Liberty Loans.

USE OF CREDIT IN BOND PURCHASES

On the other hand, the question which every loyal American business man must ask himself is not — “Have I, or has my firm or my corporation, any money to spare for Government bonds?” Few business men have much idle money. The question is, “How far can I use my individual credit and the credit of my business with my bank in the purchase of

Government Bonds?" If he carries his share for some time he may lose some difference in interest — a small sacrifice for patriotism — but if he will carry them long enough even that loss will be regained by the premium the bonds are sure to command after the war is over. It is going to be hard to keep at par such quantities of bonds as are being issued. Business men may choose to take the loss of the market discount which will never be severe by selling their share of each issue, and thus being ready for the next. I know that such a course has been condemned in some quarters, but I think unwarrantably. The final resting place for Government bonds is in the strong box of the investor. The funds of life and fire insurance companies, of educational, charitable and benevolent institutions, of rich estates and of retired business men, and that part of the increment derived from former investments which the holders do not spend — these are the final absorbers of Government bonds. When a loan is floated by the Government, it gets the money and its need is met. Now, if an active business man chooses to sell his bonds at a loss to some of the final absorbers above noted, and thus be ready to take his proper share of the next loan, I think he should be

commended — not criticised. This does not apply to the small saver-investor, but the same principle holds good with commercial banks, whose funds should not be tied up permanently in Government bonds because they are needed to carry on business undertakings whose productions the war demands. It is as important for the war that Chicago banks continue loans to the packers as it is that Liberty loans should be floated. If \$100,000 be the extreme limit that a business man can take care of through his bank, he furnishes the Government with that amount and can do no more. But by selling as above suggested, he can furnish the Government with \$100,000, every time it needs it, and if he is willing to take a loss by so doing, all the more credit to him.

WAR SAVINGS STAMPS, ETC.

But Liberty Loans are not all of War Finance. There are greatly increased taxes to be paid, War Savings Stamps to be sold, and war benevolences to be supported.

Increased taxes are derived from increased incomes and increased business profits — the larger the incomes and the profits, the greater the taxes for war purposes. Yet some voices are raised in favor of poorer general business.

They say everything not necessary for the war should be cut down or cut out. I do not think so. About the worst thing that could happen at the present time would be a fit of the blues among business men generally. We cannot have "business as usual." Business must be modified to suit conditions; some kinds of business must suffer, and some must be abandoned but, speaking generally, "better business than usual" would be a fine thing, and after we get over our funk I believe we are going to have it. Business better than usual that we may pay larger taxes, that we may the more easily absorb Liberty Loans, that wages may be higher and saving easier for the masses, that the huge funds for the comfort and help of our fighting men may be freely given! You cannot finance a war on a psychology of gloom. Whatever may be necessary in individual exceptional cases, therefore, I think every effort should be made for the encouragement of business as a whole.

Business is never the most important thing in life. It should never be more than the means to an end. The all-important thing now is to win the war. All business must be subordinated to that end. The banker's duty is clear. He must give himself, his bank, his influence, his


credit to the Country's Cause. The duty of the business man is equally clear. He must use the means offered him by our new elastic banking system and be willing to go into debt, at least temporarily, to the limit of his resources in order that the Government's necessities may be promptly met. His part can never be as glorious as that of the soldier who offers his all, but it is splendidly practical and patriotic, for without it the soldier's heroism would be in vain. This is no time to take counsel of timid prejudices. We must go forward boldly with broadened minds and enlarged vision if we are to carry our share of the great task which confronts our country and its Allies — the task of destroying the spirit of autocracy, conquest and oppression and establishing on lasting foundations self-government, justice and liberty.

SPEECHES VII

INTRODUCING MARSHAL JOFFRE

Dinner in His Honor
Commercial Club, Chicago, February, 1922

Fellow Members, Ladies and Gentlemen:

 PERMIT me first to read a note from the President of the Club, Mr. Samuel Insull, explaining his absence tonight. While we all regret Mr. Insull's unavoidable absence, I accept with pleasure the duty which he has laid upon me of appearing in his stead on this occasion.

I should like to say in the first place that the selection of a Scotchman to welcome a distinguished Frenchman is not at all inappropriate, for readers of the History of France and Scotland know that a friendship of a very real kind has existed between the two countries for

centuries. In the days of long ago they frequently made common cause against England, and when "Knighthood was in Flower" and the only profession worthy of a gentleman was that of Arms, young Scotchmen frequently offered their swords to France so that they might learn their business and possibly achieve distinction in their profession. Sometimes they were accompanied by bands of ragged, but sturdy, followers who could fight like the devil, and subsist for weeks on a little bag of oatmeal! Inter-marriages between the two countries in those days were of frequent occurrence. The first marriage of Mary Queen of Scots to the dauphin (afterwards the King) of France was one of the links between the two countries, and her tragic story still appeals to romantic hearts in both. The result of all of this was, as I have already stated, that a very real and enduring friendship was established between the French and the Scotch.

It may interest you to know what more than one Frenchman has told me — that there is a proverb common in France "*Genereux comme un Ecossais*" which (as you probably do not follow my French) means "Generous as a Scotchman." Whether the French are more discerning than other people, or whether they

are given to satire in their proverbs, I have never cared to ascertain!

There is another international friendship, however, more pertinent to this occasion — the friendship between France and the United States of America which was established at the birth of this nation, and which has now flourished uninterruptedly for a century and a half.

It is true that some slight misunderstandings at the recent Conference on the Limitation of Armaments beclouded this friendship for a moment, but this has passed away. The treaties have been agreed to, the sun of international friendship again shines brightly, and while we must not expect too much from the results of the Conference, I think it is not too much to say that a step forward has been taken looking to the time when Conference and Conciliation shall take the place of blood and iron in the settlement of international disputes.

At this moment another International Conference of equal importance is being held at Genoa. Its difficulties are almost insurmountable, but we may hope that some practicable business-like way may be discovered that will make it possible for the transfer of some of

America's surplus gold to some European countries who are badly in need of its stabilizing qualities.

Let me say that in my opinion the recovery and re-construction that have already taken place in France are not generally appreciated in this country. France cannot pay her debt to America at present — nor can Great Britain — but she is at work, and is now taxing her people, and facing her problems with the same courage she showed in fighting the war. France will pay in time, and the sooner a way is found for us to help her now, the sooner will she be able to liquidate her foreign debts.

Friendship is the key-note of this happy occasion. Our Guest of Honor is not in this country in any official capacity, and we are simply entertaining him as one of our most distinguished friends from France. Friendship includes confidence in each other and admiration for each other's qualities. We Americans believe that the French people are great in every department of human endeavor. In art, music, and literature, or in thrift, industry, and finance they have few equals and no superiors, and they would all rather die for their country than leave it. We are fortunate indeed to be the friends of such a people.

But, "A friend in need is a friend indeed," and it was the happy privilege of America to re-pay the help given to us by France in achieving our independence by sending two millions of our bravest and best to help France and her Allies in the recent war.

While America's losses were light compared to those of France, still a goodly number of American Boys now lie asleep in the bosom of the country they helped to save, constituting a sacred pledge of a friendship which should be everlasting.

This is not the first occasion that the distinguished guest of the evening has honored us by his presence in Chicago. None of us who were present at the great meeting in the Auditorium when the Marshal was accompanied by Mr. Viviani, will ever forget that historic occasion.

We members of the Commercial Club are proud to remember that it was one of our own number, Mr. Edgar A. Bancroft, who so eloquently and felicitously expressed the heart of Chicago at that time. Mr. Viviani held the audience spell-bound, although most of us did not understand the language, and who will ever forget the thrilling moment when the great French Orator saluted the great French Soldier?

But in our minds there is another time and scene which are indelibly connected with the name of the Great Soldier we are here to honor. We must turn our minds back to September 1914 — seven and a half years ago. Belgium had been martyred in a heroic but vain attempt to stop the mighty German host. The British “Contemptibles” had fought and retreated and fought, and died in vain. The Germans were at the gates of Paris, the French Government had withdrawn to Bordeaux. It seemed that the enemy was about to succeed in carrying out his long-planned short and triumphant war. Our hearts were filled with fears and forebodings. When suddenly we learned in a laconic message from the man we honor tonight that he had rolled the green-grey hosts back sixty miles, that they had been driven across the Aisne and had been compelled to dig themselves into the mud where they were destined to remain for many months. Paris was saved, France was saved. The Allied Cause was saved — Government of the people, by the people, for the people had not perished from the earth.

It was the result of a stroke of strategic genius of the first order. How it was accomplished is still so much of a mystery that it has

Introducing Marshal Joffre 201


been well named the "Miracle of the Marne."
It is now my great honor to present to this
company the man whose name will be forever
enshrined in History as the Author of that
glorious Victory,

MARSHAL JOFFRE.

SPEECHES VIII

THEODORE ROOSEVELT— THE AMERICAN CITIZEN

One of Several Speeches
made at Memorial Service for Theodore Roosevelt,
Presbyterian Church, Evanston

HE part of this service assigned to me should have been given to a preacher, for no better text for a sermon on Citizenship could be found than the life of Theodore Roosevelt.

Few of us can hope to follow him as a "scholar in politics," and probably none of us will get the chance to imitate him as President, but we may all — to the extent of our ability — try to follow his shining example as a Citizen.

He was the greatest American Citizen of his generation, as well as one of the greatest Citizens of the World. We loved him as an

American Citizen and we were proud of him as a Citizen of the World. As a Citizen of the World he made friends among many of the earth's great ones. Emperors, Kings, and Statesmen made much of him, but he remained always, and in all circumstances, distinctively an American — the most representative American known to the Great World.

As such we honor him, but it was for his more ordinary qualities as an American that he was so greatly beloved. First, he was thoroughly democratic. Born of one of the old Dutch Knickerbocker families, he was as near an aristocrat as this country produces. But college professors, literary people, and forward looking reformers were no more ardent in their admiration for him than the Plainsman, the Cowboy, and the Common Soldier. He could be at home with all sorts and conditions of men and make them feel at home with him — and there is no truer mark of a gentleman than that. The relations between the different classes of our citizens is one of our great problems. What a help it would be to a proper understanding of each other and to a fair adjustment of all our disputes and jealousies if all American Citizens could cultivate the spirit of Theodore Roosevelt!

Second: He was ardently patriotic. People might differ on his policies. Indeed, everybody was enthusiastic about his actions as a public man — either for them or against them. He was the kind of character that one had either to follow or oppose — and his opponents sometimes outnumbered his supporters — but in all his career, no one ever questioned the purity of his patriotism. He would gladly have died for his country at any moment of his life. As he grew older he lost none of his fiery enthusiasm for any cause he believed in, but he gathered wisdom with the years, and in the troublous times of the Great War, I think his was the truest American voice, and his fearless leadership appealed to all red-blooded patriotic men. The word “neutrality” was not in his vocabulary, and he was the first of our leaders to recognize the moral issues involved in the War. Having recognized them, nothing short of actual participation in the fighting would satisfy him, but disappointed in that he had to allow his four fine sons to do his fighting for him.

His patriotism was marked by unfailing courage and sublime faith. He never shirked any problem and he never lost faith in the United States of America. In the difficult period of reconstruction and readjustment upon

which we are now entered, may we all be guided by a similar spirit!

Third: He was clean and true in his private life. So many great men in history have not stood the test of private morality that this common virtue is worth emphasizing in honoring a great man dead. It used to be considered that so long as a public man was publicly honest, it was impertinent for any one to inquire into his private life. And even after we had outgrown that notion, how many public men have had private skeletons in their closets which had to be closely guarded by their friends.

But the man whom we honor tonight stood with all the force of his great personality and his commanding position for whatsoever things were pure, lovely, and of good report in American life. He was a far-seeing Statesman and he knew that any nation stands or falls by what its homes mean to it — by the way it regards womanhood — by the decency of the average life of its citizens.

And so by pen and speech, and above all by personal example, he stood for the sanctity of the American home. Perhaps no virtue is more conspicuously needed in American life than the virtue of reverence — reverence for authority,

for Law, for Home, for God. And in this direction, no influence in our day was more helpful and beneficent than the private life and character of the Great American Citizen, whose passing we mourn tonight.


There are many other attributes of our dead hero which might be enumerated, but they are known to all. I have touched lightly upon what seem to me to be the fundamental elements of his noble character as an American Citizen. When a man stands right with his home, with his community, with his country and with the world, you may be sure he stands right with his God. During the past four years, this world has lost and The World Beyond has gained many of our bravest and best. Yet I think there was some excitement in Heaven last Monday morning, and that myriads of spirits rushed to meet Theodore Roosevelt, saying to each other, "Here comes a Great Soul!"

SPEECHES IX

WAR AND CREDIT

An Address Delivered at
Luncheon of the Canadian Club, Montreal,
January, 1923

*My Lord Shaughnessey, Mr. Chairman and
Gentlemen:*

ET me say first that I keenly appreciate the honor and privilege of being your guest today. As I have been a Member of the Canadian Club of Chicago for many years, I feel that I am almost one of you and I can, therefore, speak to you very informally. I want you to know that I did not travel all the way from Chicago to make this speech. My egotism would hardly carry me so far! I am here primarily on a very pleasant mission; namely, as a Member of an American Bankers' Committee to confer with a Canadian Bankers' Committee on Canadian-

American Relations and to see what can be done by Bankers to improve and cement them into an abiding friendship. I do not know what can be accomplished by these Committees, but I can assure you that we are glad to be here and anxious to try. The business done between the two countries runs about a billion and a half dollars per annum. You are our second best customer, our best being the Mother Country. I think we are your best customer. About two-thirds of your imports come from the United States, and fully half of your exports go there. Surely there is occasion for the friendly and cordial relations which already exist between us, and if these can be still further improved it ought to be done.

Bankers' Speeches are nearly all on one subject these days — the financial aftermath of the Great War — how far the world has recovered from it and when, if ever, it will get back to stabilized conditions.

General Sherman truly said that "War is Hell," and if I remember my early training, Hell was supposed to last a long time! One of War's characteristics is that it does not stop when it is over. Financially the Great War is still going on, and no one here is going to live long enough to see the last of it. Financially,

war is a debauch. Conservatism, which usually rules finance, is thrown over. No extravagance, no borrowing, no inflation of credit is too great if only it will help win the war. To understand what war does to finance we must see clearly the distinction between money and credit. To illustrate: If a needy acquaintance comes to me with a hard-luck story and asks for a temporary loan of fifty dollars, and if I am soft enough to grant it, I take fifty dollars out of my pocket, kiss it good-bye, and hand it to him. That is a loan of money. But if a customer of mine comes into my bank, and asks for a loan of fifty thousand dollars and I grant it, no money is involved in the transaction. He simply makes a note and my discount clerk makes an entry or two on the books, and before my customer has left the bank its loans and its deposits are each increased \$50,000.00 but there is neither more nor less money in the bank than when he came in. That is an expansion of credit. By the use of a mere scrap of paper and a few figures on a ledger the customer and I have created a credit which, so far as meeting his requirements is just as good as cash. Perhaps next day my bank needs to increase its reserves in the Federal Reserve Bank, and then I endorse my customer's note for \$50,-

000.00 send it over to the Federal Reserve Bank and they re-discount it and place the proceeds to the credit of my bank. We now have bank deposits increased \$100,000.00 and credit expanded a similar amount by that scrap of paper and further figures on a ledger. Or perhaps my bank needs cash, and at my request the Federal Reserve Bank takes that customer's note, puts with it at least forty per cent in gold (\$20,000.00) and issues to my bank \$50,000.00 in Federal Reserve Notes — another form of credit. We now have an expansion of the currency of \$50,000.00, but the only real money that all this has required is the \$20,000.00 gold, and it is hidden away in the vaults of the government as a reserve. All the banks are doing this kind of thing all the time. If business is brisk they do it on a larger and larger scale. Under the stimulus of war you can easily see that the expansion of credit goes on most merrily! The Government needs enormous sums of money to carry on the war, and when it borrows it asks not for fifty thousand dollars, but for one, two or possibly five billions of dollars at once — and gets them promptly.

The question is often asked "Where does all the money come from?" The answer, of course, is "It does not come from anywhere."

It is not a money transaction. It is a credit transaction, and goes through the same processes as my customer's note. Now so long as my customer's note is good and for a legitimate purpose, and so long as the currency is fortified by a gold reserve sufficient to make it redeemable, all is well. That is modern finance in its simplest form. In times of peace such credits are created, used, and redeemed with perfect regularity. But war puts a terrific strain upon the system. The expansion which takes place is accompanied naturally by rising wages, rising prices and enormous paper profits to business. This is well named "Inflation" suggesting the expansion of a gas balloon. And after the fighting is over reaction is certain and, strange to say, the reaction comes so suddenly that it still resembles a balloon — a busted one. The Great War, lasting over four years, and being a struggle between the greatest commercial nations, produced an expansion of credit that no one would have believed possible. When it started you remember we all said it could not last Kitchener's three years because the money would give out. But it lasted over four years, and it was not brought to an end by financial exhaustion on either side. On the side of the

Victors the war boom on prices and profits went on of its own momentum for nearly two years after the Armistice. But then, along about August, 1920, in England, in Canada, in the United States, in Japan and in other countries only indirectly affected, almost over night, the reaction came and came with a crash! Then followed the cancellation of orders, the fall in prices, the diminution of trade, the consequent non-employment, the writing down of inventories, the wiping out of profits. A trying experience, but perhaps it is as well that few people should make permanent profits out of war! But while, as I have shown, credit is easily expanded and enormous Government expenditures are easily made, the reverse is not true. The debts thus created are as real as if actual money had passed in their making and can only be paid slowly and painfully. Consequently, the people not only awaken to hard times but have to face unheard of taxes. I said war was a debauch, and its aftermath is like the cold gray dawn of the "morning after." I need not dwell on it. All our experiences are so recent that we have not forgotten them. Rather let me now ask "How far has the world recovered normal peace-time financial conditions?" My answer is that the further off we

look the more pessimistic is the picture and the nearer home we look the more optimistic do we become. Look at that great world in itself—Russia. There war and revolution have completely destroyed credit both internally and externally. The currency would be a joke if it were not a tragedy. Orderly government, individual freedom, decent living conditions have almost disappeared. Tyranny and semi-starvation are the lot of the majority. Civilization has broken down, and the once great Russian Empire is disrupted and disgraced. That is the worst picture. Come a little nearer and we have Austria — bankrupt, and in the hands of a Receiver — conditions only less frightful than those of Russia because Communism was overthrown. Then we come to Germany, and we are at once confronted with the greatest financial puzzle of all time — the Reparations Question. I could discuss that question all the afternoon, but I shall confine myself to a few brief observations.

First: Germany cannot escape the financial chaos which reaction from the inflation of her currency must bring. Fiat money manufactured by the busy printing presses always creates a fictitious “boom,” and is inevitably followed by a crash. A trillion marks cannot be

stabilized — except by cancellation. I believe Germany deliberately planned financial chaos for the purpose of making the payment of cash reparations impossible. After making a better bargain on reparations she would begin upbuilding her finances from the ruins.

Second: While my sympathies are all with France, my judgment is against the likelihood of success for the course she is now pursuing. There is indeed to my mind only one chance of France collecting any great sum by taking Germany by the throat, and I am afraid she will have to occupy Berlin before that chance becomes a possibility. It is well known (although seldom referred to) that rich Germans and German Banks have still a large amount of foreign securities and own large balances in foreign countries such as England, Switzerland, United States and South America. The sale of their paper marks to speculators in these countries helped them to create these foreign balances. Now if France can compel Germany to force her nationals to turn over these foreign securities and balances to the German Government and take German Government Bonds in payment — just as England did during the war — then Germany could pay to France possibly four or five billion

marks on a gold basis, and France would thus get something worth taking home. I would be delighted to see France do that, but if it be impossible then I can see no hope that France will collect anything worth while.

I confess I am extremely pessimistic on the Continental situation. I am afraid it must get worse before it begins to get better. Perhaps an economic conference called by the United States might accomplish something for a working basis of improvement, and I am not without hope that this may come about. Most intelligent Americans are far from proud of the rôle their country is now playing with regard to Europe, but the vast majority of ordinary voters—"the man on the street" type, say, "Why should we mix in Europe's troubles and quarrels?" Our voters are not homogeneous. We have the German vote, the Irish vote, the Italian vote and so on to be considered by our politicians who are mostly about as courageous leaders as a bunch of rabbits.

I can only hope that some way may be found to use the surplus gold and abundant credit of the United States for the financial rehabilitation of the world. It is a difficult, if not a hopeless task, for it must be done on a business basis — not a sentimental one.

But now we come nearer home, and crossing the channel we take a glance at old England. And in spite of her problems, her anxieties and her world-burdens, I, for one, drop much of my pessimism. Here, although she bore the chief financial burden of the long war, and loaned huge sums to all of her European Allies, there is no mad resort to the printing press, no whining for cancellation of just debts, but with dogged British courage she faces her colossal problems of financial and industrial recovery.

Slowly but surely the British pound sterling regains its preëminent place in the finances of the world. As an example to other nations she has, amid all of her perplexities, begun payments on account of her debts to the United States. I am far from being blind to the long, difficult road Great Britain must travel before anything like normal financial peace conditions can obtain within her shores, but my faith in her solvency, her integrity and her ultimate triumph is unshaken and I have little patience with some of her own citizens who prophesy failure and disaster.

Drawing the circle of our vision narrower now we come to this continent, and here including Canada with the United States, if I could forget the European situation I could be-

come quite optimistic. We have only to remember conditions in 1921 to feel certain that great progress towards financial recovery from the war has been made. All fundamental industries are on the up-grade. The farmer with us in the United States has worked out of his debts and difficulties about half way. Last year's good crops and the rise in the price of farm products have helped him greatly. Unless the foreign situation clears up I am rather afraid of a relapse in prices for farm products, but if that can be avoided, I do not see any reason why the up-trend of general business should not continue through the year on which we are now entered. Financially, the United States may be considered over the effects of the war. While some things are yet out of line — such as coal and railway freights — and while taxes are still too high, there is a general feeling of conservative optimism with us. Labor is fully employed, the people are as extravagant and as good spenders as ever, money, or rather credit, is abundant, and on the whole we should be very thankful for the measure of prosperity we are enjoying. I imagine, and I hope that your experience in Canada runs parallel to ours. With her comparatively small population and her great natural re-

sources Canada should be about the first country to completely recover from the financial effects of the Great War. No one who loves her as I do can fail to foresee her brilliant future and rejoice. And this brings me in conclusion to where I started. I believe not only in the continuance of the friendliest and most neighborly relations between you and us, but in a closer union of all the English speaking people of the world. I believe that the destinies of mankind, the salvation of civilization and the hope of permanent peace are by God's providence largely in the hands of the English speaking people. I assure you that appearances to the contrary notwithstanding, that is the sentiment of the best Americans. Indeed, I have no hesitation in saying that the character, the education and the culture of Americans may be accurately determined by their response to that sentiment. All the English speaking peoples were on one side in the War. Surely that unity welded in the fiery furnace of war should be continued until conference and conciliation have taken the place of blood and iron in the settlement of international disputes. Nowhere else on earth is there even a vision of Permanent Peace. What could be more natural than the warmest friendship and co-operation

between these peoples? They are one in language, law and literature—one in love of freedom, justice and opportunity for all. All have experienced the beneficent results of ordered freedom, the foundation of which was laid at Runnymede, and the capstone put on at Yorktown. They are admirers alike of the three greatest declarations on individual freedom, Magna Charta, the Declaration of Independence and the American Constitution, all written in one language. They are equal followers of Blackstone and Marshall, co-heirs of Shakespeare and Carlyle, of Longfellow and Emerson and all the other great ones of English literature. They are today more than ever in the vanguard of light and leading. They look with longing but hopeful eyes to the time which prophets have foreseen and of which poets have sung, when the ideas of the Napoleons and the Kaisers will be discarded and the teachings of Jesus Christ shall have been adopted by mankind and applied to the Government of the World.

*"Then let us pray that come it may
(As come it will for a' that)
That sense and worth o'er a' the earth
Shall bear the gree and a' that.*

*For a' that and a' that,
It's coming yet for a' that
That man to man the world o'er
Shall brithers be for a' that."*

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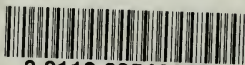


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